No. 80-780

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

ROWAN COMPANIES, INC., *Petitioner,*

v.

UNITED STATES OF AMERICA, *Respondent*

On Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

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JOINT APPENDIX

PRESS OF BYRON S. ADAMS PRINTING, INC., WASHINGTON, D. C.

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Dist./Office—541 4

Docket: Yr.—75 Number—1818

Filing Date: Mo.—10 Day—23 Year—75

J—2 N/S—870 O—1

Demand: $—30

Judge Number—4109

ROWAN COMPANIES, INC., *Plaintiffs*

v.

UNITED STATES OF AMERICA, *Defendants*

Jury Requested by Plt.—10/24/75

CAUSE—28 USC 1346, Suit for Tax Refund—$30,615.81

Attorneys: ELMER H. THEIS, 601 Jefferson, Suite 730
Houston, Texas 77002 654-8989

AUSA—ROBERT DARDEN, LOUISE PARKS, atty-in-charge
Dallas Field Office, Dept. of Justice, Tax Div.
Room 8B37, 1100 Commerce St., Dallas Tx. 75202
214-749-1251

FILING FEES PAID

Date—10/23/75 Receipt Number #5687 $15.00

Date—9/21/77 Receipt Number #21937 $5.00 N.A.

75-H-1818 ROBERT O'CONOR, JR.

PROCEEDINGS

Date Nr.

10/23/75—1—Complaint filed. (2) summons issued.

11/11/75—2—Return of summons on District Director, IRS by mail delivered 10/28.

11/11/75—3—Return of summons on USA on 10/24/75 by personal service on Admin. Secy. and on AG by mail delivered on 10/24/75, fld.

12/23/75—4—ANSWER, filed.

12/29/75—5—ENTRY OF APPEARANCE, filed.

1/23/76—6—Return of summons on Lionel Powell served 11/12/75, filed.

1/23/76—7—Return of summons on Lionel Powell for Dynamic Motel served 11/12/76, filed.

3/4/76—8—Deft INTERROGATORIES to Pltf, filed.

3/24/76—9—Plf MOTION FOR ENLARGEMENT OF TIME to answer interrogs, fld.

3/24/76—10—(WS) ORDER granting motion for enlargement of time to answer Interrogatories to May 5, 1976, fld a/n

5/12/76—11—Deft's RESPONSE TO REQUEST FOR ADMISSIONS, fld.

5/12/76—12—Deft's ANSWERS to Pltf's INTERROGATORIES, fld.

5/12/76—13—AFFIDAVIT of Joe W. Burkett as atty-in-chg for Deft, fld.

5/19/76—14—Deft's RESPONSE AND OBJECTIONS to Pltf's REQUEST FOR PRODUCTION OF DOCUMENTS, fld.

6/3/76—(RGG)—AMENDED DIVISION OF BUSINESS ORDER, dated 5/29/76, case transferred to ROSS N. STEBLING

7/9/76—15—(NWB) DOCKET CONTROL ORDER, filed; cut off dates as follows:

New parties 8/1/76
Discovery 10/15/76
Motions 10/15/76
PTO 10/18/76
DOCKET CALL Jan. 3, 1977, 11:00 ETT 1 da

7/15/76—16—Response of Plaintiff to Defendant's Interrogatories, filed.

7/15/76—17—Plaintiff's Request for Admission, filed.

7/15/76—18—Plaintiff's Request for Production of Documents, filed.

8/6/76—19—Pltf's Motion to Compel Production of Documents, filed.

8/6/76—20—Pltf's Notice, filed. M/D 8/30/76 set by Clerk

?/30/76—21—Deft's Opposition to Pltf's Motion To Compel Production of Documents, filed.

10/26/76—Pursuant to Local Rule 9B, this case is transferred to Judge Robert O'Conor, Jr. All Parties Notified.

1/25/77—22—(RO) Order, Setting the Case for Jury Trial on April 11, 1977 & discovery cut off date is April 1, 1977, filed. P/N

2/8/77—23—(RO) Order, granting Pltf's Motion to compel production of documents, filed. P/N

2/8/77—24—Notice of Entry of Order granting Pltf's Motion to compel production of documents, filed. P/N

3/24/77—25—Deposition of C. W. Yeargain, filed.

3/24/77—26—Deposition of J. C. Magner, filed.

3/24/77—27—Pltf's Motion for Summary Judgment, filed. M/D 4/25/77 per atty-????

3/24/77—28—Pltf's Memorandum in Support of Motion for Summary Judgment, filed.

4/22/77—29—Deft's Opposition to Pltf's Motion for Summary Judgment and Cross Motion for Summary Judgment, filed. M/D 4/25/77 (Memorandum attached)

4/27/77—(RO) Phone Conference: Remove from setting of 5/16; Rule on Motion for S/J while in Houston.

4/29/77—30—Opposition & Memorandum in Opposition to Deft's Motion for Summary Judgment by Pltf, filed.

5/16/77—31—Memorandum in Reply to Pltf's Opposition to Deft's Motion for Summary Judgment, filed.

6/28/77—32—Entry of Appearance by Louise G. Parks for the U.S.A., filed.

8/9/77—33—(RO) Order, Granting Deft's Cross Motion for Summary Judgment, filed. P/N by copy

9/21/77—34—Pltf's Notice of Appeal from Order fld 8/9/77; fld.

9/21/77—35—Cost Bond on Appeal fld. (check)

10/28/77—Record on Appeal consisting of all original papers & (2 vol) depositions fwd to Ct of Appeals.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*,

vs

UNITED STATES OF AMERICA, *Defendant*.

COMPLAINT

Filed Oct. 23, 1975

1. This action arises under the Internal Revenue laws of the United States, and this Court has jurisdiction by virtue of 28 U.S.C. § 1346(a)(1).

2. The Plaintiff is a corporation organized and existing under the laws of the State of Delaware, with a permit to do business in Texas and with its principal office and place of business in the City of Houston, Texas. All taxes and interest paid by Plaintiff, as hereinafter set forth, were paid to the Director, Internal Revenue Service, United States Treasury Department, Dallas, Texas.

3. Within the period prescribed by law, Plaintiff filed the appropriate federal returns for the first through fourth quarters of 1967, 1968 and 1969, respectively, indicating for the said periods the amount of federal income taxes withheld from wages and the amounts of taxes on account of the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act (FUTA).

4. On October 31, 1972, the District Director of Internal Revenue, Austin, Texas, notified the Plaintiff that he proposed within thirty days to assess the Plaintiff a deficiency of the aforesaid FICA and FUTA taxes, only, in accordance with the report transmitted therewith.

5. On November 16, 1973, Plaintiff paid to the aforesaid District Director of Internal Revenue at Dallas, Texas, the

sum of $31,246.74, consisting of additional FICA taxes and interest accrued thereon.

6. On November 20, 1973, Plaintiff paid to the aforesaid District Director of Internal Revenue at Dallas, Texas, the sum of $4,583.59, consisting of additional FUTA taxes and interest accrued thereon.

7. On April 1, 1975, Plaintiff filed with the District Director, Internal Revenue Service Center, Southwest Region, at Austin, Texas, on Form 843, Claims for Refund of Additional Taxes Paid, in the total amount of $35,198.46, representing the total amount of the overpayment of said FICA and FUTA taxes and accrued interest as above stated. More than six months has elapsed since filing of said claims without action by the said District Director, Austin, Texas.

8. More than six months have passed since the filing of said claims by the Plaintiff, and the appropriate official of the Internal Revenue Service has neither allowed nor denied the said claims. This suit is timely filed, and all procedural requisites have been complied with by the Plaintiff.

9. The claim for additional taxes by the Internal Revenue Service arose from the fact that Plaintiff did not withhold and/or pay FICA and FUTA taxes on the meals and lodgings furnished certain employees of the Plaintiff.

10. Plaintiff is engaged in the business of drilling oil and gas wells for various oil companies at contractually stipulated prices or rates, and, as such, does not participate in the economic benefits or suffer losses from wells drilled by reason of any oil or gas produced from such wells or on account of failure to find oil or gas. The Plaintiff engages in said business in the domestic land and offshore areas, as well as overseas, and in connection therewith uses its well drilling machinery (drilling rigs), which are mobile and itinerate in nature and move to various places as drilling jobs are obtained for same by Plain-

tiff. Historically, Plaintiff's drilling rig employees have been furnished free meals and lodging, without paying for the same in cash or otherwise, while working in offshore and certain other areas.

11. The meals and lodgings furnished to drilling rig employees, as aforesaid, do not constitute wages, as defined in IRC § 3401(a) in regard to withholding income tax; IRC § 3121(a) in regard to FICA taxes; and IRC § 3306 (b) in regard to FUTA taxes and valid regulations promulgated thereunder.

12. The said District Director elected not to assess or propose to assess a tax deficiency for failure to withhold federal income taxes under Internal Revenue Code § 3402 (a) on the same meals and lodgings with reference to the same employees regarding which he did elect to assess or propose to assess a tax deficiency as above set forth although the definitions of "wages" under Internal Revenue Code §3121(a) [FICA], Internal Revenue Code § 3306(b) [FUTA] and Internal Revenue Code § 3401 [federal income tax withholding] have the same essential meaning.

13. The taxes and interest aforesaid were erroneously assessed and unlawfully collected. Plaintiff, therefore is entitled to a refund of all taxes and interest paid, together with interest on such amounts from the date thereof.

WHEREFORE, Plaintiff prays for judgment against the United States of America in the amount of $30,615.81, together with interest thereon from November 16, 1973, and in the amount of $4,582.65, together with interest thereon from November 27, 1973, and costs according to law.

/s/ ELMER H. THEIS
Elmer H. Theis
Attorney for the Plaintiff

Elmer H. Theis
5100 Westheimer—Suite 200
Houston, Texas 77027

JURY DEMAND

Plaintiff, Rowan Companies, Inc., in accordance with 38(b) of the Federal Rules of Civil Procedure hereby makes its demand for a trial by jury of any issue triable of right by jury.

/s/ ELMER H. THEIS
Elmer H. Theis
Attorney for the Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*,

v.

UNITED STATES OF AMERICA, *Defendant*.

ANSWER

Filed Dec. 23, 1975

The defendant, United States of America, by its attorney, Edward B. McDonough, Jr., for the Southern District of Texas, answers plaintiff's complaint as follows:

1. Admits the allegations contained in paragraph 1.

2. Admits the allegations contained in paragraph 2.

3. Admits the allegations contained in paragraph 3.

4. Admits the allegations contained in paragraph 4.

5. Admits the allegations contained in paragraph 5, except is presently without information as to the exact amount of FICA taxes and interest paid.

6. Admits the allegations contained in paragraph 6, except is presently without information as to the exact amount of FUTA taxes and interest paid.

7. Denies there has been any overpayment of taxes or interest but admits the remaining allegations of paragraph 7.

8. Admits the allegations contained in paragraph 8.

9. Admits the allegations contained in paragraph 9.

10. Defendant is without information or knowledge sufficient to form a belief as to the truth of the allegations contained in paragraph 10, except admits that plaintiff is engaged in the business of drilling oil and gas wells in the domestic land and offshore areas, as well as overseas, and in connection therewith uses its well drilling machinery (drilling rigs).

11. Denies the allegations contained in paragraph 11.

12. Denies the allegations contained in paragraph 12, and avers that action by the District Director and the pertinent Code sections speak for themselves.

13. Denies the allegations contained in paragraph 13.

WHEREFORE, the defendant prays for judgment in its favor, for its costs, and for such other and further relief as this Court may deem just and proper.

EDWARD B. McDONOUGH, JR.
United States Attorney

By: /s/ ROBERT DARDEN
Assistant United States Attorney

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the foregoing Answer, has this 19th day of December, 1975, been made on counsel for plaintiff, by depositing a copy thereof, postage prepaid, in the United States mail addressed to Elmer H. Theis, Esquire, 5100 Westheimer, Suite 200, Houston, Texas 77027.

/s/ JOHN F. MURRAY
John F. Murray
Attorney, Tax Division
Department of Justice
Washington, D. C. 20530

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*,

v.

UNITED STATES OF AMERICA, *Defendant*.

DEFENDANT'S RESPONSE TO REQUEST FOR ADMISSIONS

Filed May 12, 1976

The defendant submits the following in response to plaintiff's request for admissions:

Request:

1. That each of the following statements are true:

(a) That the Director, Internal Revenue Service, Dallas, Texas, by notices dated November 19, 1973, assessed $4,583.59 in FUTA taxes, and interest to November 19, 1973, against the Plaintiff. Those assessments were as follows:

Calendar Year	Taxes Assessed	Interest Assessed	Amount Assessed
1967	$1,419.52	$ 494.17	$1,913.69
1968	1,101.08	317.25	1,418.33
1969	1,019.09	232.48	1,251.57

Response:

1(a) Admits.

Request:

(b) That the Director, Internal Revenue Service, Dallas, Texas, by notices dated November 12, 1973, assessed $31,246.74 in FICA taxes, and interest to November 12, 1973, against the Plaintiff. Those assessments were as follows:

Quarter	Taxes Assessed	Interest Assessed	Amount Assessed
First, 1967	$3,099.63	$1,215.48	$4,315.11
Second, 1967	1,760.72	654.94	2,415.66
Third, 1967	2,115.33	765.69	2,881.02
Fourth, 1967	2,266.22	786.31	3,052.53
First, 1968	2,638.83	876.45	3,515.28
Second, 1968	1,466.42	464.81	1,931.23
Third, 1968	1,217.97	367.79	1,585.76
Fourth, 1968	1,961.31	366.71	2,328.02
First, 1969	1,891.32	514.70	2,406.02
Second, 1969	1,710.06	439.44	2,149.50
Third, 1969	1,533.42	371.04	1,904.46
Fourth, 1969	2,251.19	510.96	2,762.15

Response:

1(b) Admits.

Request:

(c) That on or about November 20, 1973, the Plaintiff paid the sum of $4,583.59 to the Internal Revenue Service as payment of the FUTA tax and interest assessment described in request 1(a) above.

Response:

1(c) Defendant qualifiedly admits request for admission No. 1(c) in that it admits plaintiff made payment of $4,583.59 with respect to FUTA taxes and assessed in-

terest for the calendar years 1967, 1968, and 1969, but avers that such payment was made on November 26, 1973.

Request:

(d) That on or about November 16, 1973, the Plaintiff paid the sum of $31,246.74 to the Internal Revenue Service as payment of the FICA tax and interest assessment described in 1(b) above.

Response:

1(d) Defendant qualifiedly admits the statement contained in request for admission No. 1(d) in that defendant admits that payment was made by plaintiff with respect to FICA taxes and assessed interest for all quarters of 1967, 1968, and 1969 in the total amount of $31,246.74, but avers that such payment was made on November 20, 1973.

Request:

(e) That on or about October 31, 1972, the District Director, Internal Revenue Service, Austin, Texas, informed the Plaintiff by letter and examination report enclosed therewith that the reason why an adjustment of Plaintiffs' tax liability was considered necessary is as follows:

"You failed to withhold social security taxes on the fair market value of meals and lodging furnished to your employees. SST386 CB-1940 1,211; Revenue Ruling 62-150 and Federal Unemployment Tax Act; Section 31.3306(b)-1(f) of the Employment Tax Regulations."

Response:

1(e) Defendant qualifiedly admits the statement contained in request for admission No. 1(e) in that it admits that on October 31, 1972, the District Director, Internal

Revenue Service, Austin, Texas, furnished plaintiff the "Examination Report" with respect to Employment Tax Audit Changes for Rowan Companies, Inc., for 1967, 1968, and 1969. Defendant also admits that a letter was sent in connection therewith and that, in addition, an instrument was furnished plaintiff that was designated "Summary of Employment Tax Audit." Defendant also admits that in the space captioned "Other Information," the statement was included:

> "You failed to withhold social security taxes on the fair market value of meals and lodgings furnished to your employees. SST 386 CB-1940 1, 211; Revenue Ruling 62-150 and Federal Unemployment Tax Act; Section 31.3306(b)-1(f) of the Employment Tax Regulations.

Defendant avers that the statutes, Regulations, rulings, and other case authorities which are controlling with respect to the taxes in dispute speak for themselves, and defendant otherwise denies the statement contained in request for admission No. 1(e).

Request:

> (f) That the reason for making the FUTA and FICA tax assessments in this action set out in the letter and examination report referred to above in request 1(e) was the only reason given to Plaintiff by Defendant on or prior to November 20, 1973, for making the said FUTA and FICA tax accrued interest assessments.

Objection and Response:

1(f) Defendant objects to the matters set forth in request for admission No. 1(f). Plaintiff has the burden of establishing that the assessment in question was erroneous. The statutes, Regulations, rulings, and case au-

thorities which are controlling with respect to the taxes in dispute speak for themselves. Therefore, defendant objects to the request for admission on grounds of relevance. Defendant also objects because the request seeks a legal conclusion and does not ask for an admission of fact. Subject to the above objections, defendant responds by averring that the statement to which reference is made in request for admission No. 1(e) was provided to plaintiff under the caption "Other Information" in the "Summary of Employment Tax Audit" with respect to the adjustments to employment taxes of Rowan Companies, Inc., for the years 1967, 1968, and 1969; but defendant, while having examined its files, does not presently have information sufficient to permit it to admit or deny whether any other matters were conveyed to the plaintiff with respect thereto. Subject to the above objection and the qualifications as stated, defendant otherwise denies the statements contained in request for admission No. 1.

Request:

> (g) With respect to salaries and wages paid by Plaintiff herein to its employees, Plaintiff withheld FICA and income withholding taxes during the calendar years 1967, 1968 and 1969; filed timely annual FUTA returns for 1967, 1968 and 1969, timely guarterly FICA returns during 1967, 1968 and 1969, and remitted the amounts due as to such salaries and wages paid to its employees.

Response:

(g) Defendant denies that plaintiff withheld FICA and FUTA taxes in the proper amounts with respect to the salaries and wages paid by plaintiff to its employees for 1967, 1968, and 1969, and denies that plaintiff remitted the proper FICA and FUTA taxes "due as to such salaries and wages paid to its employees." Defendant other-

wise admits the statements made in request for admission No. 1(g).

Request:

(h) Plaintiff engaged in the practice of furnishing meals and lodgings to certain of its employees, including the specific employees named in the examination report referred to in request 1(e) above, without cash payment for the same from such employees, which practice was in existence during the years 1967, 1968 and 1969.

Response:

1(h) Admits.

Request:

(i) Plaintiff did not withhold FICA or income withholding taxes for the fair market value of meals and lodgings furnished certain of its employees without cash payment therefor during the years 1967, 1968 and 1969, including those employees named in the examination report referred to in reqeust 1(e) above.

Response:

1(i) Admits.

Request:

(j) Upon audit, the appropriate official of the Internal Revenue Service assessed the amount of FUTA taxes and FICA taxes described in request 1(a) and 1(b), respectively, above, but no assessment was made by any official of Internal Revenue Service for income withholding taxes on the fair market value of meals and lodgings furnished by Plaintiff to its employees during the years 1967, 1968 and 1969, including those

employees named in the examination report referred to in request 1(e) above.

Response:

1(j) Admits.

Request:

(k) That Plaintiff's employees who received meals and lodgings from Plaintiff, without cash payment therefor, during the calendar years 1967, 1968 and 1969 performed no services in exchange for such meals and lodgings.

Response:

1(k) Denies.

Request:

(l) That Plaintiff's employees who received the meals and lodgings from Plaintiff which are involved in this action were not required by Plaintiff to interrupt their eating periods nor their resting periods in the lodging facilities provided by Plaintiff for the purpose of performing any services for Plaintiff.

Objection and Response:

1(l) Defendant objects to request for admission No. 1(l) on grounds of relevance. Subject to its objection, defendant responds by stating that defendant does not presently have sufficient information to permit it to admit or deny the statement contained in request for admission No. 1(l). Defendant has reviewed the files presently available to it and anticipates that additional discovery will be undertaken in this cause of action and that such discovery may provide defendant with sufficient information and

knowledge as to permit it to formulate a full and accurate response to the inquiry that has been made.

EDWARD B. MCDONOUGH, JR.
United States Attorney

By:
/s/ JOE W. BURKETT
Joe W. Burkett
Attorney, Tax Division
Department of Justice
Room 8B37, 1100 Commerce Street
Dallas, Texas 75242
(214) 749-1251

Attorney for Defendant

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the foregoing defendant's response to request for admissions has this 10th day of May 1976 been made on opposing counsel by mailing a copy thereof to Elmer Theis, Esquire, 5100 Westheimer, Suite 200, Houston, Texas 77027.

/s/ JOE W. BURKETT
Joe W. Burkett

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*,

v.

UNITED STATES OF AMERICA, *Defendant*.

RESPONSE OF ROWAN COMPANIES, INC. TO DEFENDANT'S INTERROGATORIES

Filed July 15, 1976

Pursuant to Rule 33 of the Federal Rules of Civil Procedure, Rowan Companies, Inc., for its response to Defendant's interrogatories, states as follows:

[Each of Defendant's interrogatories is repeated below and is followed by the response of Rowan Companies, Inc., thereto.]

1. Please state your name, current business and residence addresses, and the title of each position which you hold with the Plaintiff.

Response: J. C. Magner, business address 1900 Post Oak Tower, 5051 Westheimer, Houston, Texas 77056, and home address 13303 Apple Tree, Houston, Texas 77024, a Senior Vice President of Rowan Companies, Inc.

2. Do you have actual knowledge of the facts and events surrounding the matters discussed in certain claims for refund filed April 1, 1975, by Plaintiff for all quarters of 1967, 1968, and 1969? If your answer to this interrogatory is in the affirmative, please state the title of all positions which you held with the plaintiff at the time of the occurrences reflected therein and a concise statement of the

nature and extent of your responsibilities and duties in connection with such occurrences.

Response: No.

3. If your answer to interrogatory No. 2 is in the negative, please state at the conclusion of your answers to each of the subsequent interrogatories the name and address of the person or persons with whom you consulted in order to obtain the information contained in your answer, a concise description of the documents consulted in order to answer the interrogatory, and a statement of any other source to which you turned in order to obtain the information necessary to answer the interrogatory.

Response: I cannot comply with the request contained in this interrogatory, for the reason that information used to answer all or parts of some of the interrogatories was acquired during the course of the Internal Revenue Service audit in this case and subsequent correspondence, conferences with attorneys, and intra-company discussions which eventually led to the payment of the assessment and filing claims for refund. This covers a period of several years, and my memory does not permit me to make definite statements under oath as to the various sources of the information just mentioned.

4. State in detail the nature of the business conducted by Plaintiff during the calendar years 1967, 1968, and 1969.

Response: During the calendar years 1967, 1968, and 1969, Plaintiff owned drilling rigs and engaged in the business of contract oil and gas well drilling.

5. State when Plaintiff was first incorporated, the state of incorporation, and the names of the original incorporators.

Response: Plaintiff was incorporated in Delaware in 1947 and the names of the original incorporators are: C. S. Peabbles, S. M. Brown and H. K. Webb.

6. State the names and last known addresses of all officials of the company during the period referred to in interrogatory No. 4, and give the position or positions, duties, and responsibilities of each.

Response: The names, last known addresses, positions and duties of all officials of Plaintiff during calendar years 1967, 1968, and 1969 are as follows:

Officer	Office	Last Known Address
A. H. Rowan (Died Jan. 1975)	Chairman of Board	1804 Commerce Bldg. Fort Worth, Texas
M. G. Rowe (Died Jan. 1972)	President Chairman of Board	5930 Green Tree Houston, Texas
Cecil Provine (Retired 5/31/73)	Executive Vice President President	5422 Candlewood Houston, Texas
J. C. Magner	Vice President (Legal-Contracts)	1900 Post Oak Tower Houston, Texas
M. L. Hart (Retired 5/1/69)	Vice President (Personnel)	5028 Bruce Avenue Fort Worth, Texas
C. W. Yancey (Retired 6/30/74)	Vice President	5747 Indian Circle Houston, Texas
Leroy Gideon (Resigned ——)	Vice President (Exploration & Production)	Route 2, Box 317-E Leander, Texas
Mrs. B. S. Brants (Retired 3/31/68)	Secretary-Treasurer	6228 Locke Fort Worth, Texas
D. C. Anderson	Ass't Secretary-Treasurer Secretary-Treasurer	1900 Post Oak Tower Houston, Texas
R. H. Huey (Resigned 6/30/72)	Vice President, Treasurer (Finance)	4444 Westheimer Houston, Texas
Fred Ryan	Controller (Hired 5/1/68)	1900 Post Oak Tower Houston, Texas
R. A. Watson	Vice President (Engineering, Production)	1900 Post Oak Tower Houston, Texas
Terry Wilson (Resigned 1/18/71)	Assistant Secretary	13723 Overbrook Houston, Texas

7. During each of the taxable years 1967, 1968, and 1969, state the names and last known addresses of all individuals who participated in the process of employing individuals to work on Plaintiff's drilling rigs, and state the position held by each and his or her responsibilities.

Response: To the best of my knowledge on the date hereof, the names and last known addresses of all individuals who participated in employing individuals to work on Plaintiff's drilling rigs, during taxable years 1967, 1968, and 1969 and the position and responsibilities of said individuals are as follows:

Name	Last Known Address	Position
C. W. Yancey	5747 Indian Circle Houston, Texas	Division Superintendent
D. E. McCary	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
J. M. Parks	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
E. M. Spellman	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
F. L. Webb	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
L. W. Douglas	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
C. L. McDonald	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
George McGlocklin	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent

Name	Last Known Address	Position
E. E. Jones	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
P. J. Boyd	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
D. L. Moody	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
L. A. Lynn	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
F. W. Bevills	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
C. E. Corley	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
D. D. Dotson	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
J. N. McCary	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
T. E. Jones	1900 Post Oak Tower 5051 Westheimer Houston, Texas 77056	Rig Superintendent
J. A. Cupp	Box 263 Boutte, Louisiana	Rig Superintendent
F. H. McLemore	5608 Bernard New Orleans, Louisiana	Rig Superintendent
A. J. Savoie, Jr.	R.R.D. Box 188 Q Franklin, Louisiana	Rig Superintendent
K. D. Sandidge	P.O. Box 983 Innis, Louisiana	Rig Superintendent
Roger F. Conger	116 Grand Island Belle Chasse, Louisiana	Rig Superintendent

8. With respect to each of the taxable years 1967, 1968, and 1969, state whether Plaintiff had any advertisement in any newspaper or periodical wherein Plaintiff sought to obtain the services of employees in connection with Plaintiff's drilling rigs.

Response: During taxable years 1967, 1968, and 1969, Plaintiff had no advertisements in any newspaper or periodical wherein Plaintiff sought to hire employees.

9. If the answer to interrogatory No. 8 is in the affirmative, state as to each such advertisement:

(a) The full name of the newspaper or periodical in which it appeared;

(b) the date of publication; and

(c) the page or section in which it appeared.

Response: See Response to Interrogatory 8.

10. Did the Plaintiff, during the years 1967, 1968, and 1969, use any public or private employment service for purposes of obtaining the services of individuals to work as employees on drilling rigs? If so, explain in detail such use of employment service, i.e., date, name of service, name of person hired, etc.

Response: During the years 1967, 1968, and 1969, Plaintiff did not use any public or private employment service for purposes of obtaining employees to work on Plaintiff's drilling rigs.

11. State the name and last known address of the individual in charge of personnel for Plaintiff during the years 1967, 1968, and 1969.

Response: Individuals in charge of personnel for Plaintiff during the years 1967, 1968, and 1969 were as follows:

John S. Jackson
1900 Post Oak Tower
5051 Westheimer
Houston, Texas 77056

Mark L. Hart
5028 Bryce Avenue
Fort Worth, Texas 76107

12. With respect to the taxable years 1967, 1968, and 1969, state whether there were in existence any written agreements between Plaintiff-corporation and any individuals working as employees on drilling rigs as to the remuneration to be paid them for their services thereon.

Response: Plaintiff had no such agreements.

13. If the answer to the preceding interrogatory is in the affirmative, state with sufficient detail as to uniquely identify each such instrument, and state the name of last known address of the custodian thereof. (In lieu of a description, a copy of each such instrument may be attached hereto.)

Response: See Response to Interrogatory 12.

14. During the taxpayer's period of 1967, 1968, and 1969, state the number of individuals that would generally be aboard a drilling rig at any one time for the performance of services in behalf of Plaintiff. Please state also the number of hours each such individual would perform services during the workday, and the number of individuals per shift.

Response: Depending on the type of drilling rig, there would generally be from 7 to 24 individuals aboard a rig

at any one time. Again, depending on the type of rig, there were approximately 7 to 12 individuals working per shift, from 8 to 12 hours per day.

15. With respect to each of the taxable years 1967, 1968, and 1969, please provide the following:

(a) The minimum salary paid an individual performing services on any of plaintiff's drilling rigs;

(b) the maximum salary paid any individual performing services on any of Plaintiff's drilling rigs;

(c) the average salary of all individuals performing services for Plaintiff on Plaintiff's drilling rigs; and

(d) the average salary of all individuals performing services for Plaintiff in a nonsupervisory capacity on Plaintiff's drilling rigs.

Response:

(a) $2.06 per hour

(b) $1,181.00 per month

(c) and (d) Plaintiff cannot answer parts of the Interrogatory without having a definition or formula to define "average," for the reason that there is more than one type drilling rig involved, different crew sizes, different pay scales and other similar differences.

16. With regard to an individual employed by Plaintiff to perform services on a drilling rig during the years 1967, 1968, and 1969, please state the following:

(a) The hours such individual would work each day;

(b) the number of days per week such individual would work;

(c) the number of days an individual would remain on the drilling rig; and

(d) the maximum number of days an individual was allowed to remain on the drilling rig.

Response:

(a) From 8 to 12 hours per day.

(b) From 6 to 7 days per week.

(c) From 8 hours to 7 days.

(d) From 8 hours to 7 days.

17. During the taxable years 1967, 1968, and 1969, state whether any of the meals provided employees on drilling rigs were prepared or made available by caterers or third-party concerns.

Response: Some meals on some drilling rigs were prepared or made available by caterers or third-party concerns.

18. If your answer to the preceding interrogatory is in the affirmative, please state the following:

(a) The name and addresses of each such caterer or third party;

(b) the dates during which such caterer or third party participated in providing meals for the employees on the drilling rigs; and

(c) the names of all individuals associated with each such caterer or third party who were in regular contact with Plaintiff with regard to billing Plaintiff for meals.

Response: Information to answer this interrogatory is not known to me, however, Universal Services, Inc., New Orleans, Louisiana, probably is one of the caterers.

19. During the taxable years 1967, 1968, and 1969, state whether meat, produce, or other foodstuffs were delivered to Plaintiff's drilling rigs by any third-party concerns.

Response: Meat, produce, or other foodstuffs were delivered to some of Plaintiff's drilling rigs by third-party concerns.

20. If your answer to the preceding interrogatory is in the affirmative, please state the following:

(a) The name and address of each such third-party concern;

(b) the dates during which each such third-party concern participated in delivering meats, produce, or other foodstuffs to Plaintiff's drilling rigs;

(c) the names of all individuals associated with each such third-party concern who had contact with Plaintiff with regard to billing Plaintiff for the delivery of meat, produce, or other foodstuffs to Plaintiff's drilling rigs.

Response: The transportation of the food items inquired about in Interrogatory 19 was furnished and/or arranged for by the caterer serving the particular drilling rig involved by dealing directly with third parties. The details inquired about are outside of my knowledge.

21. If your answer to interrogatory No. 19 is in the affirmative, state the method by which it was determined how much Plaintiff was to pay for the delivery of meat, produce, or other foodstuffs to each of the Plaintiff's drilling rigs.

Response: Price paid for delivery of meat, produce and other foodstuffs to certain of Plaintiff's drilling rigs was included in lump sum catering cost per day.

22. If your answer to interrogatory No. 19 is in the affirmative, give the names and present or last known addresses of all individuals associated with either Plaintiff or third-party concerns who participated in the determination of how much was to be paid, and state his or her position with Plaintiff or the third-party concern.

Response: See Response to Interrogatory 21.

23. Please state all means of transportation which were routinely used by employees during the years in question to get to and from drilling rigs.

Response: During the years in question, employees utilized motor vehicles, boats and helicopters, as appropriate, and possibly other means not known to Affiant to get to and from drilling rigs.

24. Please state the number of drilling rigs in operation at the conclusion of each quarter during the taxable years 1967, 1968, and 1969.

Response: Information necessary to answer interrogatory No. 24 is not known to me.

25. Please state the number of meals customarily provided by Plaintiff each day to an individual employed on one of Plaintiff's drilling rigs.

Response: Plaintiff customarily provided three meals per day to individuals employed on some of its drilling rigs and no meals to individuals employed on other of its drilling rigs.

26. With respect to each of the taxable years in question, state how the furnishing of food by Plaintiff to Plaintiff's employee's was treated in Plaintiff's books and records.

Response: During the taxable years in question, cost of furnishing food by Plaintiff to its employees was charged to catering account as an expense incurred in operating the applicable drilling rig.

27. With respect to each of the taxable years 1967, 1968, and 1969, state what Plaintiff contends the fair market value to have been for each meal furnished an employee on a daily basis.

Response: Plaintiff is informed that the Internal Revenue Agent making the audit in this case assigned a market value of $6.00 per day for meals and lodging in making

the calculations for determining the amounts of the assessments. Plaintiff contends that the meals and lodging were not compensation by Plaintiff for services rendered by the respective recipient employees and, therefore, not subject to the FICA and FUTA tax assessed in this case.

28. Described in detail the formula or method used by Plaintiff in determining the fair market value of each meal furnished by Plaintiff to its employees on a daily basis during each of the years 1967, 1968, and 1969.

Response: See Response to Interrogatory 27.

29. State the name and last known address of each individual who participated in either the determination of the dollar value of meals furnished by Plaintiff to its employees on drilling rigs during each of the years 1967, 1968, and 1969, or in the determination of the manner in which such matters were to be treated in Plaintiff's books and records. With respect to each such individual, state his or her position, if any, with Plaintiff, and briefly describe the individual's duties and responsibilities, as they related to Plaintiff.

Response: See Response to Interrogatory 27.

30. Describe in sufficient detail as to uniquely identify all documents, writings, lists, receipts, or other records which reflect the dollar value of the meals furnished by Plaintiff to its employees during the years 1967, 1968, and 1969. With respect to each, state the location and give the name and address of the custodian thereof. (In lieu of a response regarding a particular item, you may attach a copy of the document or writing to your answers to these interrogatories.)

Response: See Response to Interrogatory 27.

31. With respect to each of the taxable years in question, state how the furnishing of lodging by Plaintiff to Plaintiff's employees was treated in Plaintiff's books and records.

Response: The lodging facilities on applicable drilling rigs are part of the structure of such rig and the cost thereof was charged to the capital account of the rig.

32. With respect to each of the taxable years 1967, 1968, and 1969, state what Plaintiff contends the fair market value to have been for each day of lodging furnished an employee.

Response: See Response to Interrogatory 27.

33. Describe in detail the formula or method used by Plaintiff in determining the fair market value of a day's lodging furnished by Plaintiff to its employees on a daily basis during each of the years 1967, 1968, and 1969.

Response: See Response to Interrogatory 27.

34. State the name and last known address of each individual who participated in either the determination of the dollar value of lodging furnished by Plaintiff to its employees on drilling rigs during each of the years 1967, 1968, and 1969, or in the determination of the manner in which such matters were to be treated in Plaintiff's books and records. With respect to each such individual, state his or her position, if any, with Plaintiff, and briefly describe the individual's duties and responsibilites as they related to Plaintiff.

Response: See Response to Interrogatory 27.

35. Describe in sufficient detail as to uniquely identify all documents, writings, lists, receipts, or other records which reflect the dollar value of the lodging furnished by Plaintiff to its employees during the years 1967, 1968, and 1969. With respect to each, state the location and give the name and address of the custodian thereof. (In lieu of a response regarding a particular item, you may attach a copy of the document or writing to your answers to these interrogatories.)

Response: See Response to Interrogatory 27.

36. State whether third-party individuals, persons not employed by Plaintiff, were charged for meals or lodging made available by Plaintiff at the site of a drilling rig during each of the years 1967, 1968, and 1969.

Response: The employers of third-party individuals in excess of those regularly provided for in meal schedules of applicable catering contracts were invoiced for meals at certain of Plaintiff's drilling rigs during the years 1967, 1968 and 1969, but not lodging.

37. If your answer to the preceding interrogatory is in the affirmative, state the amount charged for meals and for lodging during each of the years 1967, 1968, and 1969.

Response: The amount charged for meals was the unit amount provided for in various applicable catering contracts with no profit to Plaintiff, but exact amount is not know to me.

38. State whether Plaintiff contends there were alternative facilities available (other than those of Plaintiff) from which Plaintiff's employees on drilling rigs could reasonably have been expected to obtain meals during the years 1967, 1968, and 1969.

Response: Plaintiff contends that, whether or not facilities other than those of Plaintiff from which Plaintiff's employees could obtain meals were available, meals and lodging furnished by Plaintiff to some of its drilling rig crews on particular rigs were not furnished as compensation for services and, therefore, not subject to FICA and FUTA taxes.

39. If your answer to the proceding interrogatory is in the affirmative, state the following with respect to each such alternative facility:

(a) The name and address of the alternative facility;

(b) the identification of the drilling rig to which it was an alternative;

(c) the distance between such alternative facility and the drilling rig; and

(d) the transportation that was available between each such alternative facility and the drilling rig.

Response: See Response to Interrogatories 27 and 38.

40. State whether Plaintiff contends there were alternative facilities available (other than those of Plaintiff) from which Plaintiff's employees on drilling rigs could reasonably have been expected to obtain lodging during the years 1967, 1968, and 1969.

Response: See Response to Interrogatories 27 and 38.

41. If your answer to the preceding interrogatory is in the affirmative, state the following with respect to each such alternative facility:

(a) The name and address of the alternative facility;

(b) the identification of the drilling rig to which it was an alternative;

(c) the distance between such alternative facility and the drilling rig; and

(d) the transportation that was available between each such alternative facility and the drilling rig.

Response: See Response to Interrogatories 27 and 38.

42. State the name and address of the person who has possession of the books of accounts, balance sheets, and financial statements for Plaintiff as they pertain to the taxable years 1967, 1968, and 1969.

Response: Books of accounts, balance sheets and financial statements of Plaintiff pertinent to taxable years 1967, 1968, and 1969 are in the possession of Mr. Fred Ryan, 1900 Post Oak Tower, 5051 Westheimer, Houston, Texas 77056.

43. In the complaint herein, the statement is made that "The meals and lodgings furnished to drilling rig employees, as aforesaid, do not constitute wages, as defined in IRC § 3401(a) in regard to withholding income tax; IRC § 3121(a) in regard to FICA taxes; and IRC § 3306 (b) in regard to FUTA taxes and valid regulations promulgated thereunder." With respect to such statement, give the following information:

(a) State all the facts upon which the Plaintiff bases that statement; and

(b) state the name and address of each person who has personal knowledge of some or all of the facts contained in your answer to subparagraph (a), above.

(c) If the facts contained in your answer to subparagraph (a), above, are based in whole or in part on one or more writings, describe each such writing in such detail so as to uniquely identify it and state the name and present address of the custodian thereof.

Response: Please consult our attorney, who wrote the complaint, for the information about which inquiry is made in this interrogatory.

44. List and describe in detail each and every document, writing, or other tangible item, exhibit, chart, or graph relied upon in support of Plaintiff's claim in this action not hereinbefore identified. With respect to each, indicate the exact location as well as the name, present address, and title of the individual who has custody of the documentary evidence. (In lieu of each answer and description, a copy of the document may be attached to the answers to these interrogatories.)

Response: The matters inquired about which our attorney will elect to rely upon at time of trial in support of

Plaintiff's claim at this point in this case are not known to the undersigned.

45. List the names, present or last known addresses, and any other identification of all persons relied upon in support of Plaintiff's claim in this action, indicating the nature and substance of the testimony which each person would be expected to give if called as a witness, and stating the relation, if any, to the Plaintiff.

Response: See Response to Interrogatory 44.

46. State the names and present or last known addresses of all persons not previously identified in your answers to these interrogatories who may have knowledge or information regarding the Plaintiff's claim in this action.

Response: See Response to Interrogatory 44.

47. State the name of each person who advised, assisted, or provided information for the preparation of answers to these interrogatories.

Response: Our attorney of record, Mr. Elmer Theis, advised and assisted in the preparation of answers to these interrogatories.

THE STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned authority on this day personally appeared J. C. Magner, who is a Senior Vice President of Rowan Companies, Inc., and, having been by me first duly sworn, stated on his oath that he is an authorized agent of Rowan Companies, Inc., Plaintiff in the above styled and numbered cause, that he has prepared the foregoing answers to interrogatories, that he is authorized to do so, and that the statements contained therein are true and correct.

/s/ J. C. MAGNER
J. C. Magner

SUBSCRIBED AND SWORN To before me this 4th day of May, 1976.

/s/ ROBERT G. CROYLE
Robert G. Croyle
Notary Public in and for Harris County, Texas

[SEAL] My Commission Expires June 1, 1977.

[1] IN THE
DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil Action No. 75-H-1818

ROWAN COMPANIES, INC.

VS.

UNITED STATES OF AMERICA

Filed March 24, 1977

ANSWERS AND DEPOSITION OF J. C. MAGNER, produced as a witness at the instance of the Defendant, taken in the above-styled and numbered cause on the 14th day of October, A.D., 1976, at 10:30 o'clock a.m., before Wayne Hutson, a Notary Public in and for Harris County, Texas, at the offices of Rowan Companies, Inc., located at 1820 South Post Oak Tower, in the City of Houston, County of Harris, State of Texas, in accordance with the Agreement hereinafter set forth.

[2] APPEARANCES:

For the Plaintiff:

ELMER H. THEIS, Esq.
930 Dresser Tower,
Houston, Texas 77002

For the Defendant:

JOE W. BURKETT, Esq.
Attorney, Tax Division,
Department of Justice,
Room 8B37,
1100 Commerce Street,
Dallas, Texas 75242

[3]

AGREEMENT

It is hereby agreed, by and between the parties hereto, through their attorneys appearing herein, that any and all objections to any question or answer herein, either as to form or substance, may be made upon the offering of this deposition in evidence upon the trial of this cause with the same force and effect as though the witness were present in person and testifying from the witness stand.

It is further agreed by and between the parties hereto, through their attorneys appearing herein, that this deposition may be signed before any Notary Public in and for the State of Texas, at any time before or during the trial, and thereafter returned into Court and used on the trial of this cause with the same force and effect as though all requirements of the rules and statutes with reference to signature and return had been fully complied with.

[4]

J. C. Magner

the witness hereinbefore named, being first duly cautioned and sworn to testify, the whole truth and nothing but the truth, testified on his oath as follows:

DIRECT EXAMINATION

BY MR. BURKETT:

Q. Would you state your full name, please, sir.
A. My full name is John Cruse Magner.

Q. Where do you reside, sir?
A. Houston, Texas.

Q. What is your age?
A. Fifty-four.

Q. Could you state your educational background?
A. I am a graduate—L.L.B. degree from Southern Methodist University in Dallas.

Q. When did you receive that, sir?
A. 1947.

Q. And that is a Bachelor of Law degree?
A. L.L.B.

Q. Where are you currently employed?
A. Rowan Companies, Inc.

Q. In what capacity?
A. Title of Senior Vice President.

Q. Generally, what do your duties entail?
A. I'm in charge of exploration and production for [5] the Company, and serve as general counsel for the Company.

Q. When did you first become associated with Rowan Companies?
A. In June, 1949.

Q. In what capacity were you associated with them first?
A. My initial title was Representative.

Q. And what did your responsibilities involve at that time?
A. I was the Company's general representative in the City of Houston, for sales, production and general representation of the organization.

Q. What is the business in which Rowan Companies is principally involved?
A. Contract drilling service.

Q. Where all, geographically, does Rowan conduct business?
A. Is your question currently, or in connection with the time element——

Q. I think it would be more appropriate for me to address my remarks to the period '67 through '69.
A. During the period '67, '68 and '69, the drilling rig equipment of the Company was generally located in the

New Orleans Division, our western division at Midland, Texas, and our Alaska division in Anchorage.

[6] These are the offices from which operations were conducted.

Q. Could you basically——
A. One moment please.

Q. Excuse me.
A. I cannot remember. We could have had—We closed our Casper, Wyoming, office during the '60s.

I cannot—I believe it was already closed during the interval we speak of.

Q. You mentioned that the services in which Rowan Companies is involved pertained to contract drilling.

Is that the drilling for petroleum, primarily?
A. Yes, for oil and gas.

Q. With whom, during the years '67 through '69, generally speaking, would Rowan engage in such contracts?
A. We contracted our services to most of the major oil companies who operated in the Gulf Coast area during those years, both major oil companies and some independent ones.

Q. Could you name two or three of the major oil companies?
A. Continental Oil Company, Humble, which is now Exxon, Shell Oil Company.

Q. During the years 1967, 1968 and 1969, was there any of these regional offices through which a greater [7] portion of the drilling activity was handled?
A. Yes.

I do not have it in my memory, the percentages, but during these years, we had some continuous operations with certain rigs for certain companies.

For instance, two of the rigs were under contract to Continental Oil Company, during all of this period without interruption.

Q. Excuse me.

I guess my question really would be, was the majority of the drilling activity in the Gulf area during the years we're talking about?

A. The—State that again, now.

Q. Was the majority of the drilling that was being undertaken by Rowan during the years '67, '68 and '69, being undertaken in the geographical region involving the Gulf of Mexico, or was it pretty much spread equally among the four divisional offices you've mentioned?

A. There was quite a division between the dollar volume —would probably be greater in the Gulf Coast during those years.

But we had rigs in all areas, and they were all operating, with the exception of, perhaps, the Rocky Mountain area, which I believe we closed out during those years.

[8] Q. Could you explain what process—let me rephrase that.

What procedures are followed by Rowan after it has entered into a contract with, for example, one of the major oil companies to drill on a particular parcel of land, just in general terms, but with some——

A. I will make an initial comparison as a—perhaps, like any construction contract where the size of the structure could vary tremendously.

But in the drilling contracting business, we move the equipment to the location, be it land or water, and commence to drill a hole to the specifications given us by the operator, and to the depth he desires.

Q. As set forth in the contract?

A. As set forth in the contract.

Q. What drilling equipment is moved to the site where the drilling is to take place?

A. All of it.

Q. Could you tell me what that would include?

A. I presume that would entail a definition of a drilling rig.

Q. Well, really my question is more concerned with the general equipment of whatever nature might customarily be moved to a site by Rowan Companies, customarily so?

[9] A. Well, on our several rigs which had been mentioned, each bears a number, and is identified as a rig which is a collection of the various pieces of equipment, which are maintained as a unit.

Q. And that would vary from specified rig to specified rig?

A. Yes.

For instance, a marine rig might be all contained on one vessel that is moved to the location, and is permanently mounted on a—one of the types would be a Tender, an L.S.T. Tender, a ship.

By contrast, a land operation would be broken down into loads suitable for highway trucking, and then reassembled at a location.

It is a mobile plant, in effect.

Q. Is there a means by which it can be appropriately characterized what general proponents go into this plan?

I don't know if that's an appropriate question as opposed to breaking down——

A. By contrast, how big is a truck?

A. Well, to illustrate the focal point of my question, a truck might involve the cab of the truck or a float or a trailer of "x" feet. It might have "x" number of wheels.

I'm just trying to get a general generic [10] description.

A. In that contrast, any drilling rig would have certain components such as a derrick, by which you suspend the drill pipe which is used to penetrate the hole. It would have a pump, or more than one. It would have a hoisting device similar to a winch to remove the pipe from the hole. It would have to have a source of power to operate all of this machinery.

Those are the basic components that I would suggest exist.

Q. Would there be a platform from which operations are conducted?

A. Is your question relative to water operations or land operations?

Q. Either one.

A. On land operations, depending on the terrain, a pad or location is generally prepared to provide a level area, if possible.

On water, the procedure varies with the depth of water. You would have no permanent installation in 300 foot of water, usually.

Q. What type installation would you have in a situation like——

A. At this point, I must state that in using 300 foot water depth, I may have swayed from the time element [11] '67, '68 and '69.

But during those years, there may have been some drilling in water depths to 300 feet; this would be a maximum with a fixed platform to which a ship of the type I described would be tied up to the permanent platform for the purpose of drilling wells.

Q. Did you indicate that there would be a fixed platform?

A. In that context, some they had that was the upper limits of the technology of that particular period.

Q. How would a platform be "fixed," to use that term?

Is that secured, made immobile? Is that the correct use of that term in the way that you've used it?

A. The platform would be constructed in a shipyard in large sections and transported by boat to the location, and then assembled in telescoping sequences, with the bottom leg penetrating the ocean floor for stability.

Q. And what function would the ship that was involved in this—adjacent to this platform serve?

A. The surface area of the platform, due to the depth of the water and expense would be limited. The accompanying ship or Tender would house the personnel. It would have all of the supplies that are needed, the [12] and, the pipe—would contain the pump and all the other vital equipment essential to drilling a well.

Q. Drilling activities would also, during this time be conducted in areas such as Alaska?

A. Yes.

Q. Would these be offshore operations or would they be on land?

A. Both.

Q. Could you, sir, describe in the same vein that we've mentioned components previously—Could you describe the different personnel that would make up a drilling crew with respect to a drilling operation?

A. As a preliminary statement, a crew could vary from four men to twelve or more men on duty, depending entirely on the type of rig equipment.

Q. How many persons would—If it's fair to use an average figure for a drilling operation taking place offshore in the Gulf of Mexico sometime during the period '67 through '69, what would be an average number of persons involved in such an operation, on the site?

A. That, too is not capable of an exact answer, because of different means of drilling that were employed in those years.

I previously cited to you one of those types. There are others which would require different numbers [13] of personnel.

But, if you will accept a very general average, I would guess that a crew in the magnitude of twelve persons would be in the range of—an average.

Q. Now, would this be the total number of persons on a site at a given time?

A. Again——

Q. Using the general figure.

A. Again, I must qualify that answer.

At certain sites—would permit the changing of crews, daily; other sites would not be suitable for daily change of crews and would require that the personnel remain aboard for their tour of duty.

I would like to qualify the word "require" at this point in that I'm stating that it would not be as convenient for an individual to return from his work location, each day.

Q. Where were operations conducted, if you recall, during the years that we've made reference to, where crews could be changed on a daily basis?

A. At the time of the three-year interval, we had certain rigs which were land-based rigs on which operations, then and now, are customarily on an eight-hour basis and the man drives to his work location.

We had other operations in the southern division [14] to which I am partially confining my remarks, which were on barge-type drilling rigs, operating in canals and swamp areas which were accessible to docks and roads. And the men, also, would work eight-hour tours, returning to their homes each day.

There was no one type of situation existing during these years. In other words, we had different types of rigs and

different types of situations applying throughout the interval.

Q. So basically, if I understand you correctly, the location of the drilling rig, itself, would be a factor or—well, would be a factor with respect to whether a crew would be changed on a daily basis?

A. It was one factor which must be considered with the location of the well to be drilled. In other words, an offshore rig could not work on land, and if it is 50 miles in the Gulf, it can't be near a city.

Q. So we are talking, primarily, about location?

A. Location and type of equipment that would be adaptable to that environment.

Q. Assuming that the appropriate equipment were present at the site, that equipment and that location would be involved in—would be factors with respect to whether crews would be changed on a daily basis?

A. Yes.

[15] Q. Were crews changed on a daily basis in Alaska during the years in question?

A. On certain jobs they were, and on certain jobs they were not, depending on similar environmental situations.

Q. Where was the majority of the drilling activity conducted by Rowan in Alaska during the years we've spoken of?

A. We maintained operations in the Cook Inlet area on fixed platforms, south of Anchorage.

Q. Was this on land or on water?

A. Water.

We also had some land operations, as I say.

Q. Would those have been primarily in the same region?

A. At that time, yes.

Q. The area around the Cook Inlet?

A. In the southern portion of Alaska, yes.

Q. Would the rig that would be used for drilling at the Cook-Inlet-type location be similar to the one you've described previously where there was a platform, stabilized with some type of telescopic cylinder—legs, subsurface——

MR. THEIS: Pardon me, Counsel. I think you're misstating or misreading an answer previously given by [16] the witness when you use the word telescopic.

MR. BURKETT: OK.

BY MR. BURKETT:

Q. Let me rephrase the question.

You've previously described the type of rig that would be used by Rowan Drilling Company during the years in question which would involve a platform that would have been stabilized and some vessel that would—L.S.T. or something that would be adjacent to it.

Is that the same type of apparatus you're taking about in the Cook Inlet area?

A. No.

Q. OK.

A. It would be similar in that it is a platform in the water. However, it has no ship in connection with it. It is what is termed in the industry a self-contained platform where the size of the platform is sufficient to put all of the equipment on top of the platform or on the platform in several levels.

Q. All right, sir.

In the context of the type of rig that you're referring to, what facilities would be—What components or facilities would be there, in addition to the derrick, the hoisting device and some type of motor?

[17] A. Those basic components that I enumerated earlier would be present with any drilling rig.

Q. Yes, sir.

A. The additional components would be, of course, adjusted to the particular environment such as a—The equipment in this instance that you ask would be containerized where it could be picked up in modules and hoisted to the deck of this platform.

Q. Would there be—You mentioned previously in the illustration you've used earlier that supplies would be contained, for example, on the L.S.T.

Would there be space available for supplies in the self-contained units?

A. Yes. It's an essential——

Q. Would there be living quarters available in such a unit?

A. Yes.

Q. Would there be eating quarters available?

A. Yes.

Q. Would there be a kitchen or galley?

A. Right.

Q. What is the proper term to use on such—for such——

A. In a nautical concept, I think a galley is an acceptable term.

[18] Q. With respect to the drilling rigs that would have been on the land area, say in the Alaska division and so forth, would these platforms be, again, the self-contained units you've mentioned?

A. On the land operations?

Q. Yes, sir.

A. No, sir, they would not be.

Q. What would be the difference? Would some of them be self-contained?

A. Again, you're in a mechanical difference between a marine operation and a land operation.

Q. Well, that's basically what I'm asking.

Are all self-contained units restricted, solely to marine use?

A. In the terminology I used, you would not use some phraseology with the land rig. A land rig can be used anywhere on land——

Q. Yes, sir.

A. —and set up, if it is—The other components may not be necessary, is what I'm saying.

Q. In some instances, would those components be used in conjunction with a land rig?

A. If you are particularly referring to a galley.

Q. Well, some storage facility or supply——

MR. THEIS: Pardon me, Counsel, for interrupting.

[19] Are we talking about Rowan's equipment or the industry in general?

MR. BURKETT: I'm speaking with respect to Rowan's equipment.

MR. THEIS: Fine, so we can understand.

THE WITNESS: Are we referring to Rowan's equipment?

In those years, we did not have anything but the basic equipment for a land rig.

BY MR. BURKETT:

Q. All right, sir.

In Alaska, for some of the rigs, would the basic equipment include storage facilities for supplies?

A. Yes.

Q. And would a land rig possibly include a kitchen area?

A. No.

Q. Would—In land rigs would there sometimes be live-in quarters?

A. Again, this——

MR. THEIS: Now, we are speaking about Rowan's equipment?

THE WITNESS: My answer to this will be limited to the years and the rigs that I recall in Alaska that I think were operational. This is all subject [20] to my memory, and if I—If Counsel advises, I may ought to stop here, because I do not have that intrensic a memory.

Can I speak off of the record?

MR. THEIS: Just a minute, Mr. Magner.

The thing I'm having problems with is whether we are slipping from Rowan's equipment into industry equipment, generally; are we confining it solely to the equipment Rowan Companies owned and provided?

MR. BURKETT: Let me rephrase the question.

MR. THEIS: That's what I would like to clarify.

MR. BURKETT: Let me rephrase the question so as to avoid confusion.

BY MR. BURKETT:

Q. Given the time period that we've made reference to, 1967, '68 and '69, and given, for example, a drilling operation in Alaska, and given further, for example, such drilling operations being undertaken on land, do you recall whether such drilling operations in some instances involved, in addition to the derrick, the hoisting device and the motor device, whether in addition there would have been on the side of the drilling facilities storage for supplies, storage for people to [21] stay?

A. In answer to that question, any drilling rig would require facilities for supplies.

Q. Yes, sir.

A. That is a basic concept that is with any rig.

With regard to quarters and cooking, galley facilities for men, the terminology would be for a camp.

Q. All right, sir.

A. During the years in question, Rowan's operations, in Alaska, did not require the use of a camp, because of their proximity to cities where the men could live.

Q. All right, sir.

With respect to such operations, do you recall the length of time that a crew would be involved in drilling activity during a particular day, per day?

MR. THEIS: In Alaska, Counsel?

MR. BURKETT: Yes, sir.

We're using the same example that I previously referred to.

THE WITNESS: They work for eight-hour shifts and go home.

That question is answered to your specific question, in Alaska, on land operations, during the time we're discussing.

BY MR. BURKETT:

[22] Q. All right, sir.

Were, in those operations that we set forth in the example that we just used—Were some type of facilities that you've referred to as a camp utilized?

A. To the best of my knowledge, no.

Q. Were any meals used or prepared or served at the site of such operations?

A. No.

Q. With respect to land operations other than those in Alaska that we've been talking about during the years in question—Let me back up and ask one question.

Could you give me a rough percentage as to what percentage of the operations in Alaska were marine, during the years we've talked about?

A. Fifty percent.

Q. During this same time period were camps used in conjunction with land operations of Rowan Companies, other than in the Alaska sphere?

A. No.

Let me make a general statement. In the use of land rigs, as the industry technology has changed, men are not traditionally quartered on the job. The use of marine equipment is relatively new, and has brought about the occasion for quartering of men on the site.

[23] My answer to your last question is, to the best of my knowledge, I don't think we had any land operations during those years that required camps.

Q. All right, sir.

With respect to marine operations during the years 1967, '68 and '69—And for purposes of clarification for the record, unless I specifically make reference to some other time period, we're speaking of those three years.

Could you indicate to me, sir—We may have touched on this earlier, but could you indicate to me, briefly, the number of persons involved or who would make up a crew in a rig that was not on land?

A. Your question, now, is the number of persons in a crew on a marine operation?

Q. Yes, sir, and for purposes of clarification, when I say crew, I may not be using that in a technically precise way that the industry might, so if you could—When I use crew, I'm talking about all persons involved on the site, in the operation.

MR. THEIS: Just a second, Counsel. Let me narrow your definition so we really know what you're asking for.

When you say crew in the context in which you described crew, we are referring solely to Rowan Company [24] employees or other companies as well?

BY MR. BURKETT:

Q. For the purposes of my understanding, could you indicate to me the different persons and their capacities that you will find at the site of an offshore drilling rig on a given, average day?

A. No, sir.

I don't believe that you can do that, because one of the essentials is—By comparison, are you speaking of a submarine or a battleship? The complement would vary that much.

You have limited your question in this particular situation to a marine operation.

Q. Yes, sir.

A. I have previously stated that we had several types of marine operations during the years, with different types of drilling rigs.

Q. Could you, for purposes of my understanding, indicate to me the distinguishing factors between the different operations?

A. A crew on the Tender type rig, that we have discussed at some length, would require people with a seaman's background to maintain the ship, that would have many other duties in keeping that vehicle operative, as well as personnel qualified to perform the functions of [25] drilling the well, which I have explained to you, is a basic function of any drilling rig.

The type of equipment would cause a change in the number of additional personnel, above a drilling crew, to conduct that particular operation.

I have discussed with you a self-contained platform. It would not need personnel, as such, to maintain the drilling Tender, but would need other type of personnel, such as a roustabout, to maintain the modules and the units aboard it, as well as perform the basic function of drilling.

Q. So basically, then, we're speaking of two general types of drilling rigs, the self-contained and the——
A. No, sir.

There's still a third type.

Q. OK.
A. If you only knew more about the drilling industry.

Mr. Theis: Just a second.

We are not confining ourselves to drilling rigs on water owned by Rowan Companies, are we, or are we describing the industry—the various types of rigs in the water——

Mr. Burkett: I'm trying to limit my question [26] to the types of rigs on which personnel associated with Rowan Companies would have been engaged during the years 1967, '68 and '69.

Mr. Theis: I asked you to define your questions solely to Rowan equipment.

The Witness: My answers have done this.

To be specific, in the last exception, we have what is called an inland-barge rig. This is a vessel, some 200 feet long, 54 feet wide, that can be floated down a canal or a bayou, and can be sunk at a given location by pumping water into the hull, and there it remains for the purpose and time necessary to drill a well.

Q. All right, sir.

We have, then, a self-contained——
A. Platform.

Q. —platform.

There is the——
A. Tender operation.

Q. The Tender operation.
A. And a barge operation.

Q. The submersable-barge operation?
A. The submersable-barge operation.

Q. And all three of these were in use——
A. During the years, yes.

Q. During the years we're talking about?
[27] A. As well as land operations.

Q. Yes.

With respect to submersable-barge operations, could you indicate to me during the years in question roughly what percentage of the operations involved that type of apparatus?

A. It's my recollection that we had about four drilling barges during those years.

Q. Could you give me a "ball park figure" for what type of percentage that would be of your overall operations?

MR. THEIS: Overall water or overall land or overall total operations?

BY MR. BURKETT:

Q. Both.

First, overall water.
A. We must define, again, our operations.

MR. THEIS: Counsel, let me interrupt you.

I'm not trying to get you off your questioning, but I'm wondering—Let me put it this way. I fail to grasp the materiality of the line of questions you're asking. I'm not

going to ask him not to answer them. I just wonder if we're wasting time.

MR. BURKETT: Well, I do feel some need to get comprehensive background of the operations.

[28] MR. THEIS: Procede with your questions, then.

BY MR. BURKETT:

Q. Do you know how many offshore rigs you had, not submersable-barges, but other Tender operations during the years in question?

A. We owned two rigs, two Tender rigs and operated one other by charter.

Q. How many persons would comprise—How many persons would be involved in the operations of Rowan Company at the site of the Tender-type rigs?

A. I will attempt to answer that question.

However, that is not a matter that I, in my particular category with the company, am as intimate as some of the other persons that you choose to—to conduct a deposition.

But I would estimate that a—two crews of approximately ten persons each would be aboard it at one time.

Q. And what positions would there be on such crews?

A. You want job classification, names?

Q. Yes, job classifications.

A. The rig would have a drilling superintendent or tool pusher. Those names are usually synonomous.

It would have a driller, or two drillers, counting the context in which I have mentioned this.

[29] Q. One on each of the two crews?

A. Right.

You would have the terminology of a derrick man on each crew. It would have an engine man. It would have

two or possibly three floormen. It would have a welder. It would have two or more roustabouts.

Q. What would be the length of time that each of the two crews would work each day?

A. Twelve hours.

Q. In other words, operations would be continuous around the clock?

A. Right.

Q. Would it be a twelve-on, twelve-off type operation; or would it be broken down into twelve hourly segments?

A. Twelve on, twelve off.

Q. When would each—As a general matter, would the crews shift at 6:00 and 6:00 or 12 noon and 12 midnight?

A. 12 midnight is the most acceptable, but it generally varies. But that's the—from 12 noon to midnight and then from midnight until noon again.

Q. With respect to such offshore operations, when would a crew be changed, generally?

A. This has varied materially, and the answer— [30] In the years that we speak of, my recollection is that a shift of ten days on and five days off was most common, where the operation was conducted on that type of schedule.

You have limited your question to a Tender operation, and I am still answering in that context, to that question.

Q. In a self-contained operation, what periods would be involved with respect to change of crews?

A. Probably the same.

Q. Ten days on, five off?

A. Twelve-hour shifts. A land operation would have a different situation.

Q. What type of living facilities were available in a Tender-type operation during the years in question?

A. Could you be more specific with your question?

A. Well, I'm trying to ascertain with respect to the Tender—Is the Tender a vessel? Is that what we're referring to when we say a Tender?

A. Yes. That's the L.S.T. type.

Q. The L.S.T. that's in conjunction with the drilling operation?

A. L.S.T. type.

Q. All right, sir.

Where would a person stay when he was not [31] actually on duty?

A. He would have a bedroom, usually, with two bunks or possibly four bunks in a room. Each man would have his own desk, his own—It would be a small dormitory-type room, quite adequate bathroom facilities, recreation room and so forth.

Q. What would be—What would constitute the recreation room or recreation area? What was available there?

A. Tables, chairs, lamps, library, television if it was in range, radio and similar comforts.

Q. What expense was incurred by Rowan with respect to the daily operation of such rooms?

A. You will have to ask more information.

Q. Well, for example, in a previous instance where we discussed some of the matters in question here, it was my understanding that, for example, laundry for the beds and so forth might be one of the type expenses incurred with respect to the use of a Tender operation; is that correct?

A. The rig or the Tender, in this case, which your question is, would have a heavy duty washing machine available for use by the men, at no charge, to clean his clothes; or in some instances, the catering service would do that for him, at no charge.

[32] Q. Well, would bedding equipment be provided?

A. Yes.

Q. What would that include?

A. Sheets, pillow cases, blankets, all that a person needs to sleep comfortably.

Q. Would that be provided by the catering company?

A. Rowan would provide the articles of bedding, but the caterer would do the maid service, if you call it, to change the sheets and launder them and put them back on the beds and keep the quarters clean.

Q. Were persons, associated with catering operations, on the L.S.T.?

A. Yes.

Q. At all times while the operations were being conducted?

A. Yes, yes.

Q. What persons would these be?

A. These would be the employees of the caterer who are hired for that purpose.

Q. What all persons would this include?

A. Are you—Is your question, now, for me to list the classifications of personnel provided by the caterer?

Q. Just in a general sense, as you understood, who was present on the L.S.T. on behalf of the caterer.

[33] A. I am limited in my answer, here; but they would have persons who are capable of cooking and cleaning up the kitchen, as well as, perhaps, in their off duty, when they're not eating, to utilize their time by maintaining the quarters aboard the vessel.

Q. All right, sir. What——

A. The exact number and title, I don't know that.

Q. I understand.

A. Two or three.

Q. What type facilities were available for eating in such a Tender operation?

A. It had a galley, dining room, if you prefer to call it that, that all personnel used. This would be a room with tables, enough for ten men, perhaps four or five tables, with the food served in buffet style.

A man could select the food of his choice.

Q. How often would food be brought to such an L.S.T. by the caterer or by someone else?

A. As required.

Q. I mean is that something done—Is there some supply type operation that——

A. The rig is equipped with frozen food facilities, lockers and storage.

Q. How would that be replenished?

A. Boats would bring out new foodstuffs.

[34] As you know, you can order staples in large supplies. Some fresh foods would be brought out periodically.

I can't describe a routine. It's as needed to provide wholesome meals at all times, as per their contract.

If I may interrupt, I do have a 1:30 commitment—that I didn't realize this deposition would take this long, which is in about five minutes.

MR. BURKETT: Could we go off the record.

(Discussion off the record.)

(Whereupon, a noon recess was taken.)

MR. BURKETT: Back on the record.

BY MR. BURKETT:

Q. Were facilities sometimes made available to persons visiting the drilling rig sites, but who were not there for purposes of being members of drilling crews?

A. You're saying "purposes," did you say?

Q. Would space be made available, occasionally, for someone to, say, stay on a drilling rig overnight who was not a member of the drilling crew?

A. Yes.

Q. Were there regular hours that meals were served, generally?

[35] A. Yes, for a two-hour period, four times a day.

Q. And when would those periods occur, roughly?

A. Breakfast, lunch, dinner. And at midnight the would usually have——

Q. What trade associations, if any, does Rowan Companies belong to?

A. Well, quite a few.

Q. Could you name some of the more significant ones?

A. I'm speaking in the context now, of '67, '68 and '69.

Q. Yes, sir.

A. We're members of the—It was then known as the American Association of Oil Well Drilling Contractors. The name has since been changed to the International Association of Drilling Contractors. We're members of the American Petroleum Institute.

Those are the two main ones.

Q. How many companies might bid for a particular contract?

A. There is no set answer to that question. A contract could be negotiated with an individual contractor who would, perhaps, construct a rig and design it for a particular need or—Now, I'm speaking generally, of drilling in general in these years.

[36] Q. Yes, sir.

A. Or, if bids were mailed, they might have 20 contractors bidding on the same job if rigs are in great supply, and there are a lot of rigs in that area.

Q. In the years is question, who, associated with Rowan, would be primarily involved with or responsible for the submission of bids?

A. The submission of bids during that period, as well as now, is a top management function in which many people collaborate to reach the final proposal.

Q. Is there anyone under whose offices that might be centralized or coordinated?

A. Yes, the office of the Chairman of the Board and Chief Executive Officer of the Company.

Q. And his name would be?

A. In those years it was Mr. M. G. Rowe, now deceased.

Q. Are drilling contract matters with respect to these offshore contracts—arrangements pretty competitive?

A. Yes.

Q. Highly competitive?

A. Yes, in general.

I mean you're asking me a classed question, again.

[37] Q. Yes, sir.

A. And I wish to state that my answer must have some qualification there.

There were instances where certain rigs might not be in a highly competitive situation if it's a unique arrangement.

Q. As a general matter, sir, if it is fair to ask the question in that form, how would crew members for drilling rigs be hired? Where would they make application, or where would they be solicited? What procedures would they generally use?

A. In a variety of manners.

The most common procedure at the time of this discussion would be in either our New Orleans or our Morgan City offices, for the rigs operated in our southern division.

Q. Who would have been in charge of the Morgan City operation?

A. The Morgan City operation was only a warehouse-type office that had a warehouseman in charge, and it functioned through our division office at New Orleans, but was a geographically well located spot for men to fill out application blanks and reach our operations.

The entire area was under the supervision of Mr. C. W. Yancey, who was then the division manager in [38] New Orleans for the rigs offshore in question that we're discussing.

Q. All right, sir.

If a person came to the Morgan City office and wanted to become a member of a drilling rig crew, who would he contact in Morgan City?

A. Whoever may be in the office on that occasion, different personnel of the company. We maintain clerks, and as I say, a superintendent, any one of whom could take the application and then submit it to others for——

Q. Was it done on written application?

A. A lot.

Q. What other procedures were used?

A. That's about it, if we were hiring.

Q. How would Rowan make known whether or not they were hiring?

A. When the man asked, we would tell him.

Q. If, for instance, Rowan entered into a contract for a certain drilling site, and it was supposed to begin at a certain date, would Rowan try to get a crew together?

A. Rowan would meet its contractual obligations to provide personnel as specified in the contract.

Q. Whose duties would involve getting the crew?

A. The superintendent in charge of that particular operation, through coordination with all other phases of [39] the

Company—would transfer his crews. But most—To better answer your question, each of these rigs remains as an entity, and it has a work force connected with it that, in some cases, doesn't even change for a period of time. Some men may work on the same rig a matter of years; others move up.

But we have a reservoir and backlog of rig personnel.

Q. Who would keep the records with respect to such reservoir personnel?

A. It would be done in that area at the division level, in our New Orleans office, with, perhaps, comparable records in our Morgan City field office.

Q. Do you know whose immediate responsibilities would involve that?

A. Whoever, over the period of years—That would be several people. You understand, you're asking questions over a lapse of three years.

Q. Can you think of some of the individuals that would be involved?

A. I would have to check names to see who was there at that time.

Q. You mentioned, with respect to submission of bids, that this would be coordinated with several people being involved; is that correct?

[40] A. Yes.

Q. Were different facets of the bid handled by specific individuals?

In other words, would there be something of a special situation of a particular component?

A. Yes, very much.

Q. With respect to the matters pertaining to boarding and lodging of employees, under whose supervision would those matters have come during 1967 through '69?

MR. THEIS: Let me stop you for clarification.

You're directing that question in reference to feeding and lodging crew members?

MR. BURKETT: Uh-huh.

MR. THEIS: Go ahead, so we understand it.

THE WITNESS: If the contract requests from an operator, an oil company, specified that Rowan was to furnish the meals and lodging, it would be a function, at that time, wherein the office of Mr. Yancey, whom I've referred to, would probably solicit a quotation from a catering company, such as Universal, for the cost of catering the number of people anticipated for that particular contract.

Q. With respect to the payment of wages and salaries to crews, who would have responsibility with [41] respect to the determination of that component for a bid?

A. The wage scale used within the Company was established by the top management as being the applicable rate, if we refer to the hourly rate people as being the rate applicable to particular job classifications during that period of time.

Q. I'm not sure I'm understanding you.

A. The management of the Company, top management, would make the decision that a given classification of personnel, such as a driller, would be entitled to receive an hourly rate of payment of so many dollars.

MR. THEIS: Is that clear to you?

MR. BURKETT: Yes and no.

MR. THEIS: If you'll permit me, I'll ask one question to straighten it out.

The determination of what hourly rate a driller would get was or was not made at the time of each contract to operate the rig?

THE WITNESS: Our procedure is that during—Our procedure is that effective, for example, November 1, 1968, the hourly rate paid to drillers in the Gulf Coast division shall be so much per hour. All jobs calculated during that interval, until it changes again, would be based on that:

BY MR. BURKETT:

[42] Who would participate in such a determination being made?

A. The top management of the Company, based on——

Q. I mean——

A. The Chairman of the Board and Chief Executive Officer.

Q. And he—Well, would it be fair to say that other persons were involved with respect to some calculation or computation being made at our about November 1, 1968—the scale to be paid to drillers would be changed?

A. That's right.

Q. What different offices would be involved in those matters.?

A. Any one of our operating people, our personnel people.

Q. Generally, can you name the job description of people who would be involved in it?

A. Our personnel director, our vice president of operations for that area, Mr. Yancey.

Q. Who was the Vice President of Operations for that area?

A. Mr. Yancey was at that time.

Q. Who was the director of personnel?

A. Mr. Mark Hart, and his assistant, whom you have heard is Mr. John S. Jackson—is the manager now.

[43] Other factors such as the rate increases or other things affecting costs, all public criteria information, is available to management as to the criteria for wages.

Q. Would there usually be a relatively uniform change among the industry?

A. Not—Nothing uniform. Occasionally some other contractors would raise wages.

Q. Would Rowan follow suit?

A. Sometimes.

Sometimes we were already ahead of them.

Q. Would these matters be fairly competitive and in that regard, uniform throughout the industry?

A. No. There's no uniformity in this industry.

What I'm saying by that answer is that the rates—Again, I am referring, in these remarks, primarily, to the Gulf Coast, with the rigs we've discussed. And in that area, a different rate of pay could apply for a land rig operation in West Texas so that you may have different rates of pay, different work schedules, different environment in different regions.

So it's an extremely difficult industry to categorize as to these matters of wages.

Q. Would wage rates with respect to offshore drilling generally be higher than with respect to West Texas [44] rates, for example, during the period we're talking about?

A. The annual gross income might be slightly more, but the number of hours worked would vary considerably, the reason being that a schedule of fourteen days on and seven days off, which I described on one given instance, would end up with less annual hours worked and a schedule on a land rig which, in the years in question, probably was in the range of a 42-hour week, with six days on, one day off.

Q. OK.

Could you summarize whatever you just said, because I'm not sure that I gleaned the import of your response.

A. Well, in summary, a man who works a work schedule of six days on and one day off or six days on and two days off works more hours in a year than an individual who works twelve hours a day—but for ten days on and five days completely off with no hours of work.

Q. Was the annual income, then, going to be roughly the same?

A. Yes.

Q. Are these operations offshore subject to maritime law?

MR. THEIS: What do you mean by maritime law, Counsel?

[45] There's a lot of maritime regulation laws out there.

I'd like to have you narrow it down some?

MR. BURKETT: Let me rephrase it, then.

BY MR. BURKETT:

Q. In some areas, does maritime law have application to the offshore operations?

A. I will join counsel in—When you say maritime law, I'm acquainted with many phases of that.

Would you be more specific?

Q. Well, I'm asking generally, does any maritime law, to your knowledge, have some application to operations that are offshore?

MR. THEIS: Counsel, let me interrupt you there, hopefully to clarify.

If, for example, you would have a cargo ship colliding with a drilling rig out there, admiralty law would apply.

Then again, you take another occurance, it may not apply.

MR. BURKETT: OK. I'm not sure if that clarifies it.

Let's say we had a cargo ship that ran into a drilling rig.

MR. THEIS: Well, I'll explain it this way, you [46] can have a ship running into a dock, and it's admiralty law—a fixed place on shore.

BY MR. BURKETT:

A. All right, sir.

And depending on what you're driving at—I'm just curious, as a general matter, whether maritime or admiralty law has application to some of these offshore matters, if you know.

A. Yes, sir.

I have reasonably good knowledge. I'm having trouble with the question.

Q. Well, I'm not sure that the question——

A. In a lighter vein, a rig, on some occasions has been deemed to be a vessel which does invoke some——

MR. THEIS: Mr. Magner, I'm going to ask you not to answer that question without clarification, because we're getting into this, for example—and I'm not trying to be difficult here—You take a situation where a rig crew member is injured, now, under the Jones Act and maritime tort law, he, in all probability, would be called a seaman. And you can have another situation arise, unrelated to a tort act, and he would not be a seaman.

So we might create confusion by generalizing too much in admiralty law.

[47] If Counsel would specifically cite the instance, that might be a little bit more helpful, and then that's another question, whether Mr. Magner wants to classify himself as an expert in law or merely a factual witness.

MR. BURKETT: Well, my understanding of his earlier testimony was that some of his duties involved counsel with regard to activities of Rowan Companies.

MR. THEIS: That's true.

MR. BURKETT: And my understanding of the colloquy we just had would be that in some areas Admiralty or Maritime Law might have application with respect to offshore activities. For specific application, one would need to know the factual circumstances to which the inquiry would be directed.

MR. THEIS: I believe that's about what I said, yes.

MR. BURKETT: All right, sir.

I was just making a general inquiry as to——

MR. THEIS: I may not agree with Counsel's opinion about it, but that's his opinion, and I'll have my own.

BY MR. BURKETT:

Q. Well, let me ask, as a general matter, what areas of application would admiralty or maritime law have with respect to offshore activities.

[48] Are there some general areas with respect to which these have application, than the conduct of your activities with Rowan—there's a frequent application of these matters or that the activities would be subject to these matters?

MR. THEIS: Counsel, I hate to be interrupting. I'm not trying to delay anything; nor do I have any idea what his answer may be, but I have trouble with the question.

Now, we're talking about these years, about what we refer to as a submersable or sinkable barge rig. We're talking about Tender-offshore rigs. We're talking about self-contained, platform type rigs.

Now, there's a question of which of those rigs would fall under the admiralty classification. For example, I'll give you this much, if you will permit me to lengthen your record, Counsel.

For example, the platform rig, insofar as the crew members are concerned, would not have the benefit of the Jones Act. They'd come under the longshoremen's and harbor worker's act.

MR. BURKETT: I don't know if this is appropriate right now for the purposes of inquiry. If the witness does not understand my question——

MR. THEIS: It's too broad, is what I'm saying. [49] Your question is too broad. It's difficult for me to understand what you're getting at—whether the witness can even answer it that way.

MR. BURKETT: I didn't understand the witness to have trouble with it.

MR. THEIS: Ask him again or whatever you want to ask him.

BY MR. BURKETT:

Q. Mr. Magner, I'm going to show you what we will, for purposes of identification, mark as Exhibit 1 to the deposition, which proports to be an extract from a contract entered into between Rowan and Continental Oil Company and just ask you if you recall having seen this and if you can identify this as such.

(The instruments referred to were here marked Defendant's No. 1(a) through (d) and 2 for identification, and same are attached hereto.)

MR. BURKETT: Let's go off the record.

(Discussion off the record.)

MR. BURKETT: Back on the record.

MR. THEIS: It's agreed by and between the attorney for the Plaintiff and the attorney for the Defendant in the instant case that Defendant's Exhibit 1(a) through (d) and Exhibit 2 may be and shall be attached to and become a part of the deposition; and each of said Exhibits can be offered in evidence at the time of [50] trial, by either party, without further identification or objection to lack of identification of any kind.

MR. BURKETT: This is agreed.

BY MR. BURKETT:

Q. Are you familiar with different unions whose membership would be involved in drilling activities?

A. No, I'm not.

Q. Are there any such, to your knowledge, in the Gulf Coast area?

A. Not to my knowledge.

Q. Are there any associations or other types of groups to which such drilling operators, or did you mean employees, which? The word operator connotates the oil company.

MR. BURKETT: All right. Excuse me.

BY MR. BURKETT:

Q. Are there associations or groups to which drilling crew members, employees, would belong?

A. The crew members all have some opportunity with the association. I mean they're the independent association of drilling contractors. They have educational seminars and things that are available to men on the rigs. Membership, as such, is not personal. It's by company.

So, in that context, they participate in the [51] activities. They give safety awards and recognize crew members in that vein. So they——

Q. How large is the membership of the—Is it the I.A.D.C.?

A. Yes.

Q. How large is the membership of that?

A. It represents about 400-something drilling contractors and about 2,700 rigs, may be, today.

Q. Yes, sir.

A. I can try to think back for the years we're discussing. It would vary—probably more contractors.

Q. More contractors today?

A. Then. Many went broke.

Q. During the years in question, how were crews transported to and from drilling rigs?

A. That's too general a question.

Q. On offshore type rigs, how would crew members get to and from such operations?

A. The greatest use of transportation would be a boat; although some crews can be changed by helicopter.

Q. Was that true back in the years we're talking about?

A. Yes, some, but mostly by boat from a landing. They had to reach the landing by their own device or something.

[52] Q. How would they know when a boat was going to go to a drilling rig?

A. It was a regular schedule.

Q. Who provides those services?

A. The operator would, normally. Again, this is a variable item, but the operator would normally provide marine transportation, if that's what we're speaking of, or any other type.

Q. All right, sir.

A. But it is a service that could be rendered by either party.

Q. When you say operator, you mean the drilling contractor, such as——

A. No sir. I mean the oil company.

When I say the operator, I mean the oil company for whom we contract our services.

Q. Is it customary for there to be a particular individual whose responsibility involved contact with I.A.D.C.?

A. No.

Q. Would there have been someone whose job would have substantially involved liaison or contact with I.A.D.C.—well, in its previous nomenclature, in the years '67 through '69?

MR. THEIS: Let me interrupt again, Counsel.

[53] Contact by whom, Rowan Company or Rowan's employees?

MR. BURKETT: Either.

I was making reference primarily to Rowan having contact with the I.A.D.C.

BY MR. BURKETT:

Q. Was there any type of uniform procedure?

A. No.

I'll try to answer your question and give a little bit of structure of the organization.

During those years—It has a Board of Directors, as a trade association. Members of our Company, in the years in question, were members of that board. The association, also, has committees of various types, standing committees, safety and so forth.

Q. Does it issue publications?

A. Some, not a monthly or—But they do write letters, communications, to their members on different topics.

We might have a man who serves on a committee for a period of time and functions either as a member of the Committee or possibly Chairman of it.

Q. For example, correspondence from the I.A.D.C. could go to one or more officers of the Company?

A. Right, or other people, out to the superintendents [54] or throughout our—It goes throughout our organization. It's not limited to—depending on the nature of the material.

Q. Sir, previously interrogatories were propounded to Rowan Companies, and I need to ask you a couple of questions with respect to those.

Did you participate in——

MR. THEIS: Counsel, could he have his copy of the interrogatories if you want to refer to them?

MR. BURKETT: I have no objection to that.

MR. THEIS: If you have them on your desk, go get them.

THE WITNESS: OK.

BY MR. BURKETT:

Q. Some of the matters I need clarification for have been developed this morning. But referring to Interrogatory No. 15a and the Response with respect to the inquiry concerning minimum salary paid an individual performing services on any plaintiff's drilling rig, the answer was $2.06 per hour.

Is that figure based on on-time? In other words, as I understand it, a person would be, in a particular example, on a 12-hour shift.

For purposes of clarification, and for my understanding of this answer, when $2.06 is used, is that [55] $2.06 per hour of work that is performed?

A. Yes, $2.06 per hour of work for whatever shift.

MR. BURKETT: All right, sir.

I have no further questions.

MR. THEIS: I'll defer any questions I have to ask of this witness until the time of trial.

/s/ J. C. MAGNER
Witness

STATE OF TEXAS
COUNTY OF HARRIS

Subscribed and sworn to before me by the said witness, J. C. Magner, on this the 21st day of March, A.D., 1976.

/s/ MARY A. CHIASSON
Mary A. Chaisson
Notary Public in and for
Harris County, Texas

[SEAL] My Commission Expires Jan. 4, 1979

[56]

CERTIFICATE FOR FEDERAL COURT

STATE OF TEXAS
COUNTY OF HARRIS

I, Wayne Hutson, a Notary Public duly commissioned and qualified in and for the County of Harris, State of Texas, do hereby certify that, pursuant to notice and the agreement hereto annexed, there came before me on the 14th day of October, 1976, at 10:30 o'clock a.m., at the offices of Rowan Companies, Inc., 1820 South Post Oak Tower, Houston, Texas, the following named person, to-wit: J. C. Magner, who was by me duly sworn to testify the truth, and nothing but the truth of his knowledge touching and concerning the matters in controversy in this cause; and that he was thereupon carefully examined upon his oath and his examination reduced to writing under my supervision; and the deposition is a true record of the testimony given by the witness, same to be sworn to and subscribed by said witness before any Notary Public in and for the State of Texas, pursuant to the agreement of the parties.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which this deposition is taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties hereto or [57] financially interested in the action.

In witness whereof, I hereunto set my hand and affixed my notarial seal this 28th day of October, A.D., 1976.

/s/ WAYNE HUTSON
Wayne Hutson, Notary Public in and for Harris County, Texas.

My Commission expires September 25, 1977.

DEFENDANT'S 1(a)

Drilling Contract dated July 16, 1969 between Rowan Drilling Company, Inc. and Continental Oil Company

1. *Exhibit A, Item 13, Catering:*

   Indicates Contractor is to supply lodging and catering services for Contractor, Company and third parties and is to rebill third parties.

Drilling Contract dated March 7, 1968 between Rowan Drilling Company, Inc. and Chevron Oil Company

1. *Page 3, Section 3, Labor; Subparagraph (2):* Indicates Operator is to supply boarding and lodging for employees of Company, Contractor and third parties.
2. *Exhibit "C":* Also indicates Company is to provide food and necessary supplies for boarding and lodging employees of Operator, Contractor and third parties.

DEFENDANT'S 1(b)
CONOCO

	Contractor	Company
B. Vessels or craft to transport personnel required for drilling operations hereunder.	—	X
C. Vessels to transport equipment, materials and supplies used in the work hereunder.	—	X
D. Equipment, supplies and services to move Contractor's drilling rig, other equipment, replacements, and supplies onto a dock, and within reach of a derrick barge, for loading out at the commencement of and during drilling operations contemplated hereunder, and for any movement of same after it is unloaded onto a dock after cessation of said drilling operations.	X	—
E. Equipment (except tugs under 12-A above) to load Contractor's drilling rig, other equipment and supplies from a dock onto cargo vessels and to transport same to the well(s) to be drilled hereunder, and for all offshore loading, unloading and transportation, including transportation of said equipment and supplies to Morgan City, Louisiana, and unloading same onto a dock after completion of the last well drilled hereunder. This shall not include transportation to a third party's location or the movement of Contractor's rig and equipment as provided in Section XII of this contract.	—	X

13. CATERING:

Catering, bed linens, eating utensils, sanitary supplies, food and personnel to provide meals and maintain quarters for employees of Contractor and Company, including employees of subcontractors and service companies, and other personnel authorized by Company to be on the location for operations connected with the drilling operations performed hereunder. Contractor may

	Contractor	Company
bill and collect for its own account, for catering service furnished to Company's subcontractors, service companies and other third parties whose basic rates include the cost of maintenance of their own personnel in the field. Contractor shall not bill Company, or Company's subcontractors, service companies or other third parties whose basic rates do not include such maintenance. Contractor may bill Company for catering service for Company's representatives in excess of an average (computed monthly) of two men per day.	X	—
14. CREWS:		
A. Drilling crews and drilling barge or drilling tender operating and maintenance crews sufficient to perform all operations normally associated with drilling, completing or abandonment operations, and barge or tender operations, including material handling without impairment to drilling progress, and pay all wages and salaries including travel time for such crews. Operations shall be on a continuous basis. List all personnel, including number of crews, number of men each crew, other workmen by job titles, pay scales for work and for travel, scheduled work hours and frequency of crew changes. 2 - 10 man crews on duty at all times, working 12 hour tours 7 days and off 7 days, each crew comprised of 1 driller, 1 derrickman, 1 engineman, 3 floormen, 1 crane operator, 1 pump man, 1 mud man, plus 1 welder. 1 toolpusher on duty at all times. 1 maintenance supervisor when required.	X	—
B. Casing crews shall be furnished by Contractor for Company's account pursuant to Paragraphs "D" of Sections IV and V of this contract.	X	—

DEFENDANT'S 1(c)

CHEVRON

• • • • • • • • • • •

furnished by Contractor, and Contractor shall be required to replace any rejected equipment or material with equipment or material acceptable to Operator.

(2) Contractor shall arrange for and secure all bits, coring equipment and coring supplies which are necessary for use in drilling such well, and any other items of equipment listed on Exhibit "B" attached hereto: but Contractor shall be reimbursed by Operator for the actual cost of such bits, wire line coring equipment, coring supplies and other items as provided in Section 7 hereof.

(3) Operator shall arrange for, secure and furnish at its own expense all items of equipment, materials and supplies listed on Exhibit "C" attached hereto.

(4) It is recognized by Contractor and Operator that various items of equipment, materials, and supplies in addition to those referred to in Exhibit "A", "B" and "C" may be required for drilling and completing or abandoning such well. In the event additional items are required, such items shall be arranged for, secured and paid for from to time as mutually agreed upon by Contractor and Operator.

Section 3—Labor

(1) Contractor shall arrange for and secure all labor reasonably necessary for drilling and completing or abandoning such well.

Operator shall reimburse Contractor for the costs of such labor in accordance with the provisions of Section 7 hereof.

(2) Operator shall arrange for, secure and furnish at its own expense any crews necessary for the operation of the converted LST to be furnished by Operator, for the boarding and lodging of employees of Contractor, Operator, and

third parties engaged in operations hereunder, and for the operation of any other vessels which may be furnished by Operator for use in the transportation of materials, equipment, supplies and labor.

Section 4—Water Transportation

Operator shall arrange for, secure and furnish, at its own expense, all vessels, including crew boats, tugs and barges, necessary for the transportation by water of all equipment (including Contractor's rig and appurtenances thereto), materials, supplies and labor necessary for drilling under this contract.

DEFENDANT'S 1(d)

Exhibit "C"

Items to be furnished by the Operator at its own expense under drilling contract for drilling Well No. A-2 and possibly other wells from the "A" platform on OCS-G-1572 lease in the South Timbalier Block 189 Field, Offshore Terrebonne Parish, Louisiana:

Drilling platform to support the drilling engines, pumps, drawworks, casing, and all other equipment necessary for drilling said well;

Converted LST to be used as drilling tender for quartering of crews and storage of necessary supplies and rig equipment;

One 140′ steel derrick, together with substructure;

Casing, casing shoes, and other necessary casing appliances;

Cement and cementing equipment and any necessary services of third parties for cementing casing, including any cement and equipment and service for any necessary recementing of casing, provided such recementing is not made necessary through negligence or fault of Contractor or its employees;

Mud and any other necessary weighting materials, it being understood and agreed that Operator shall have the right to specify the quality and type of mud and weighting materials to be used, and Contractor shall act in accordance with Operator's specifications. Contractor agrees to keep an orderly inventory of mud materials in order that an inventory may be made at any time and to keep an accurate record of mud deliveries and mud usage by tours;

Devices and services of third parties for surveys and tests;

Fuel and water for drilling;

Liner, tubing and necessary fittings for completion;

Necessary marine transportation between shore and well location for labor, equipment and supplies;

Mud pits with walks for gun lines, guard rails on platform, housing, and flooring on the platform;

Water tanks and fuel oil tanks, if necessary;

All necessary mud, water, gas and air lines up to the first deck of platform;

Additional set of casing tools is required by Operator;

Any additional completion equipment required for dual completion;

3½" or smaller diameter drill pipe, small drill collars and related equipment for drilling 7" casing;

Food, materials, supplies, and services to adequately provide for the boarding and lodging of employees of Contractor, Operator, and third parties engaged in operations hereunder.

INITIALED FOR:

Operator By E.J.C.
Contractor By C.P.

DEFENDANT'S 2

Boatel Catering CONTRACT & AMENDMENTS	Daily Minimum	No. of Lodgings and Meals	Charge Per Day for Excess Meals and Lodging	Contractor's Third Party Billing Figure
Contract 10-5-64	$224	30 Lodgings 90 Meals	$1.50	$1.75
Amendment Effective 1-1-65	N/C	33 Lodgings 99 Meals	N/C	N/C
Amendment Effective 7-1-66	$245	N/C	N/C	$2.00 per meal $1.50 per lodging
Amendment No. 2 Effective 2-1-67	$254	30 Lodgings 90 Meals	N/C	N/C
Amendment No. 3 Effective 4-16-67	Daily minimum reduced to $244 when complement exceeds 45 lodgings and 135 meals per day	N/C	N/C	$2.00 per meal $2.00 per lodging
Amendment No. 4 Effective 9-1-68	*$233 Deleted reduced rate referred to above.	N/C	N/C	N/C
Amendment No. 5 Effective 2-1-69		N/C	N/C	$2.50 per meal $2.50 per lodging

OFFSHORE OPERATING AND CATERING SERVICE AGREEMENT

THIS CONTRACT AND AGREEMENT, effective as of the 5th day of October, 1964, is hereby made and entered into by and between BOATEL, INC., a Louisiana Corporation, domiciled in and doing business at Belle Chasse, Louisiana, and ROWAN DRILLING COMPANY, INC., a Delaware Corporation, duly authorized to do business in the State and Area in which these operations are to be conducted:

WITNESSETH, THAT:

The parties hereto, for the considerations and obligations herein expressed, mutually agrees as follows:

1. Boatel, Inc. above named is hereinafter designated as "Contractor".
2. Rowan Drilling Company, Inc., is hereinafter designated as "Company".
3. The term "Owner" as used herein is defined as Continental Oil Company and any and all Co-lessees of Continental Oil Company who wholly or partially bear the cost of drilling operations wherein the Drilling Tender defined below is utilized, and the agents, directors, officers, employees, and servants of Continental Oil Company and the said Co-lessees.
4. The Drilling Tender Jack Cleverley bearing Official No. 269835 now under the control of Owner, is hereinafter referred to as the "Drilling Tender".

Contractor shall furnish to Company complete catering services and operating and manning services aboard the Drilling Tender as hereinafter set forth.

Section A

I

The catering service to be furnished by Contractor at Contractor's expense hereunder includes:

A. Maintaining a sufficient quantity of foodstuffs and supplies on the Drilling Tender to adequately feed and serve the personnel provided for in this contract for a period of five (5) days beyond the next scheduled delivery date, excepting perishables.

1. Contractor will purchase and use only meat and other products government inspected and/or graded as follows:

   a. All beef cuts U.S.D.A. Good, Choice or Prime.

   b. All pork products shall be purchased from Federally inspected establishments only.

   c. Milk shall be Grade "A" Pasteurized or Homogenized.

   d. Eggs shall be Grade "A" Large or Extra Large.

   e. Poultry shall be U.S. Grade "A" only.

   Contractor warrants without reservation that all meats served will be wholesome and of sufficient quantity to satisfy Company.

2. Contractor will provide the following specified hot meals:

   a. Breakfast—Choice of two fruit juices, eggs, one breakfast meat, choice of cold cereals, and one hot cereal.

   b. Lunch—One hot soup, two vegetables, choice of two entrees, one of which must be a solid meat, poultry, or fish item, hot rolls and bread, milk,

coffee and other beverage, and one pastry dessert item.

c. Dinner—Same as lunch, but repeating at the most only one of the lunch entrees.

d. Midnight Meal—Same as breakfast, but including additionally one solid meat or poultry item, one vegetable, one soup and one pastry dessert item.

3. Contractor shall have coffee available at all times and shall furnish one or more types of pastries or sweet rolls at least twice daily between meals.

4. Contractor further agrees that when the tender is to be pulled back from the rig during severe weather, Contractor will furnish such emergency rations, including fresh water, as may be necessary to feed five men for ten days on the rig. Contractor will provide suitable protective containers for such emergency rations.

B. An adequate number of its employees, qualified as cooks, and helpers, who will prepare and serve meals aboard the Drilling Tender to Company's employees, invitees, and licensees, including Company's contractors, sub-contractors and agents and their employees.

1. Contractor shall screen his catering employees provided for in this Section "A" in the manner stated below before allowing them to board the Drilling Tender.

a. Each such employee of Contractor, when first boarding the Drilling Tender and annually thereafter shall be required by Contractor to furnish Company's representative with a certificate of medical examination signed by a Doctor of Medicine. This certificate must evidence the following:

(1) Satisfactory vision and color sense.

(2) Normal blood pressure and pulse.

(3) Complete absence of hernias and varicose veins.

(4) Complete absence of communicable disease or epilepsy.

(5) Satisfactory report of chest X-rays, urine and Wasserman tests.

b. Such employees must be screened by Contractor for addicition to alcohol and drugs, criminal record and cleanliness of person.

2. Contractor shall promulgate such regulations as will guarantee courteous, efficient and safe performance under this contract and which must be submitted to Company for approval.

C. All sanitary supplies required on the Drilling Tender and employees necessary to maintain the kitchen, dining and living quarters in a neat condition.

D. All dining room utensils, which shall be of stainless steel; paper cups for coffee; silverware; plastic dishware; pots and pans; and all miscellaneous other necessary kitchen and dining room equipment and supplies not to be furnished by Company or Owner hereunder.

E. Two sheets with minimum dimensions of 63″ x 99″, a pillowcase, a blanket and a spread for each bunk, and towels. Contractor will change pillowcases and both sheets on each occupied bunk with clean linen not less than each crew change in time for incoming crew to have fresh linens. Contractor shall change towels, blankets and spreads as necessary to maintain freshness and cleanliness.

II

A. Owner has furnished, and will furnish, the galley equipment namely stoves, sinks, refrigerators; and will also furnish bunks, mattresses and pillows.

B. On the effective date of this contract, said galley equipment, etc., has been inspected by Contractor and found to be in good condition, and Contractor agrees to advise Owner of any repairs, maintenance or replacement of this equipment which may be required. Owner will make the necessary repairs or replacements of the equipment after receipt of notice from Contractor, at the expense of the Owner.

C. Contractor agrees that its supervisor, inspector or an officer of its company, shall physically inspect the catering operation at least once each month for compliance with this contract, and at the option of Company this inspection shall be made jointly with a representative of Company. Contractor will conduct a safety inspection of the galley, dining rooms and quarters at least semi-annually. Contractor will provide Company's onshore representative with the results of these inspections and will make such corrections as reasonably required by Company.

D. The Contractor's shore facilities for production, warehousing, packaging and processing of foodstuffs, whether owned or contracted for, shall be subject to Company's inspection at any time without notice.

III

Company will from time to time advise Contractor (a) the time it desires meals served on each day, and (b) an estimate of the number of persons to be fed at each meal.

IV

Contractor shall purchase at its expense the supplies required to furnish the catering service hereunder and do and perform the work herein set out as an independent contractor. Contractor has full power and authority to select the means, methods, and manner of performing the work, including the selection and employment of personnel to complete the work herein undertaken, being free of control of or supervision by Company, and is only responsible to Company for the results herein contracted for i.e., to keep kitchen, dining room and living quarters of the Drilling Tender in a neat and clean condition with adequate sanitary supplies and to secure the necessary food, prepare the meals and serve persons all as herein provided.

V

A. Owner will furnish all necessary water transportation from the shore base from which the Drilling Tender is being operated to the location of the Drilling Tender, and from the Drilling Tender to the shore base.

B. Owner will maintain a regular transportation schedule for replacement of stores at a frequency of at least twice a month, except for perishables which will be transported weekly.

C. Owner will maintain a regular transportation schedule for Contractor's employees on regular crew change days.

D. Contractor will package stores, for delivery to the Drilling Tender, in a manner to retain their then condition until delivered to the Drilling Tender.

E. Contractor will deliver said stores on board the vessel thirty minutes prior to estimated departure time.

F. Company will secure said stores as a precaution to protect same from damage caused by movement, other cargo and the elements.

VI

Company agrees that it will provide quarters on the Drilling Tender for Contractor's personnel equal to the quarters provided for employees of Company and employee of Company's other contractors and sub-contractors.

VII

Company agrees that it will pay to Contractor for the catering services herein contracted for as follows:

For the period from ——— and thereafter:

A. $224.00 minimum per 24 hour day for a maximum of 30 lodgings and 90 meals aboard the Drilling Tender for Company and Contractor personnel.

B. $1.50 for each meal and/or lodging over and above the amount indicated in "A" above.

C. Contractor reserves the right to invoice all third parties at $1.75 per unit.

D. Company will reimburse Contractor for actual labor costs, applicable to Contractor's personnel required by Section "A" of this agreement, in event said personnel are evacuated from the Drilling Tender due to storm and the daily rate above set out is suspended.

E. The actual cost to Contractor of foodstuffs lost or spoiled as the result of the evacuation of Contractor's personnel from the Drilling Tender because of weather.

Section B

I

A. To man the Drilling Tender, Contractor shall employ and pay for the services of a Master, who shall be subject to the exclusive direction, control and supervision of Contractor. The Master shall have and exercise full

control, responsibility and authority with respect to the operation, navigation and management of the Drilling Tender. In addition to the Master, Contractor shall procure and employ qualified men required to fill the complement of the crew for the Drilling Tender. The members of the crew, who shall also be the employees of Contractor, shall be subject only to the orders of the Master while they are under his control. Contractor shall remove Master or crew members at any time Company objects to the person so employed; the removal to be accomplished after a reasonable notice.

B. The crew required to be present aboard the Drilling Tender under this Section "B" shall consist of the following:

1. Master
2. Chief Engineer-Electrician
3. Two (2) Able-bodied Seamen
4. Two (2) Diesel Operators (each working twelve (12) hour daily tours).

C. Contractor must retain in his organization a full time Marine Supervisor for Deck & Engine Department, who carries a U.S. Coast Guard License no less than the following:

A. Third Mate—any tonnage, any ocean.

B. Assistant Engineer (Marine)

He shall be completely familiar with procedures in conducting hull, machinery and equipment inspections on this tender, including the filing of the necessary forms with authorities. Inspections shall be made not less often than once a month.

II

Contractor shall arrange for such emergency repairs as may be necessary to protect the Drilling Tender and for the normal operating repairs thereto, covering Hull, machinery, tackle, apparel, furniture, equipment and spare parts, and including maintenance and voyage repairs and replacements as may be necessary to keep the vessel safe for proper use and navigation. All repairs not normally done by the crew of a vessel (except emergency repairs) shall be made by Owner, unless Contractor is specifically requested by Owner to make such repair work and, in all such cases, the agreement for such repairs shall be evidenced by written contract. Replacement of all expendable parts for mud pump fluid ends, expendable parts for pulsation dampeners, all lubricants, oils and greases, all filters and hand tools shall be furnished by Company, except in situations where Company specifically directs Contractor in writing to procure same, in which event they will be procured by Contractor at Company's expense. Replacement of spare parts other than those described herein shall be furnished by Owner, except in situations where Owner specifically directs Contractor in writing to procure same, in which event they will be procured by Contractor at Owner's expense.

III

As compensation for the manning, maintenance and repairs of the Drilling Tender by Contractor, Company agrees to pay the following consideration:

A. $239.00 per 24 hour day, except as provided in "C" first below. This price includes absorption of normal overtime in excess of the regular working schedule. Company will reimburse Contractor to the extent of his actual labor costs for any amount of overtime worked during emergencies which require that Contractor's personnel work continuously during said emergencies and

provided the emergency is not caused by Contractor or its employees.

B. Company and/or Owner as the case may be agrees to reimburse Contractor to the extent of Contractor's actual cost for said replacement and spare parts when the total cost of said replacement and spare parts obtained at any one time is less than $1,000. When the cost of said replacement and spare parts obtained at any one time equals or exceeds $1,000 Company and/or Owner as the case may be will reimburse Contractor the actual cost of said parts plus 6%.

C. Company will reimburse Contractor for his actual labor costs, applicable to Contractor's personnel required by Section "B" of this agreement, in event said personnel are evacuated from the Drilling Tender due to storm and the daily rate above set out is suspended.

IV

Except as herein specifically provided, Contractor, as an independent contractor, has full power and authority to select the means, methods and manner of performing the work, including the selection and employment of personnel to man the vessel and complete the work herein undertaken, being free of control of or supervision by Company, and is only responsible to Company for the manning of the vessel, repair and maintenance of same. Owner shall have the power and authority to designate when and where the Drilling Tender is to be moved at all times.

Section C

I

Contractor will submit a list of the names and job titles of all Contractor's personnel to Company's representative upon boarding the Drilling Tender. Contractor will revise said list as necessary to keep Company's representative

currently apprised of the identity of all Contractor's personnel on board the Drilling Tender at any time.

II

Contractor will maintain a daily work and crew change schedule consistent with that established by Company for the area.

Section D

I

A. To eliminate controversies, the expense and inconvenience thereof, as between Company, Contractor, and Owner, it is agreed by Company and Contractor as follows:

1. All parties named reserve the right to recovery for breach of contract.

2. The products liability insurance coverage (Provided in Exhibit "A", Paragraph "B" 3) is for the protection of Contractor and for the benefit of all parties concerned including the underwriters, insurers, insurance carriers of each.

3. Except as to Items 1 and 2 above, the Company and Contractor and the underwriters, insurers, insurance carriers of each with respect to this contract shall not have any rights of recovery (equitable or by assignment, express or implied, loan receipt or otherwise) against any of the parties hereto and/or Owner, their agents, directors, officers, employees and servants, or against their respective property, vessels and craft, or underwriters, insurers, and insurance carriers of the parties hereto, their agents, directors, officers, employees and servants and the rights of recovery with respect to this obligation are mutually waived. All policies of insurance herein provided and obtained or required by either party

shall be suitably endorsed to effectuate this waiver of recovery. Certificates of all policies of insurance herein provided and obtained shall be furnished by Contractor to Company and by Company to Contractor with no certificates of insurance to be materially changed or cancelled without at least ten (10) days prior written notice to said Insurance Department of Company.

B. Except with respect to claims or causes of action arising from the comsumption of food or beverages by employees of Company and Owner, Company agrees to indemnify and hold harmless Contractor and their Underwriters and any or all agents, directors, officers, employees or servants of Contractor against any and all claims, demands or suits (including, but not limited to claims, demands or suits for bodily injury, illness, disease, death, or loss of services, property or wages) which may be brought against Contractor or in which they are named a party defendant or in which any or all such agents, directors, officers, employees or servants of Contractor are named party defendant or parties defendant, as the case may be, by an employee of Company or Owner or the legal representative or successor of such employee, in any wise arising out of or incident to the work to be performed under this contract, irrespective or whether such suits are based on the relation of Master and Servant, third party or otherwise and even though occasioned, brought about, or caused in whole or in part by the negligence of Contractor, their agents employees, or by the unseaworthiness of vessel or craft. Company and its underwriters further agree to defend any such claim, demand, or suit even if it is groundless, false, or fraudulent; but Company and its underwriters may make such investigations, negotiations and settlement of any such claim, demand, or suit as it deems expedient.

C. Contractor agrees to indemnify and hold harmless Company, Owner and/or Underwriters insuring the Drilling Tender, and any or all agents, directors, officers, employees or servants of Company and Owner against any and all claims, demands or suits (including, but not limited to, claims, demands or suits for bodily injury, illness, disease, death, or loss of services, property or wages) which may be brought against Company and/or Owner or in which they or either of them is named a party defendant or in which any or all such agents, directors, officers, employees or servants of Company and/or Owner are named party defendant or parties defendant, as the case may be, by an employee of Contractor or the legal representative or successor of such employee, in any wise arising out of or incident to the work to be performed under this contract, irrespective of whether such suits are based on the relation of Master and Servant, third party or otherwise and even though occasioned, brought about, or caused in whole or in part by the negligence of Company and/or Owner, their agents, employee, or by the unseaworthiness of vessel or craft. Any employee who received payment from Contractor shall be the employee of Contractor, even though Company and Owner reimburses Contractor the amount paid such employee. Contractor further agrees to investigate, handle, respond to, provide defense for and defend any such claim, demand or suit at its sole expense and agrees to bear all other costs and expenses related thereto, even if it is groundless, false, or fraudulent; but Contractor may make such investigation, negotiation and settlement of any such claim, demand, or suit as it deems expedient.

D. Except to the extent products liability insurance may be for the protection of all claims and liabilities arising within the scope of its coverage, Owner (Owner agreeing by its ratification of this contract) agrees to indemnify and hold harmless Contractor, and any or all

agents, directors, officers, employees or servants of Contractor, against any and all claims, demands, or suits (including, but not limited to, claims, demands, or suits for bodily injury, illness, disease, death, or loss of services, property or wages) which may be brought against Contractor or in which Contractor is named a party defendant or in which any or all such agents, directors, officers, employees or servants of Contractor are named party defendant or parties defendant as the case may be, by any employee of owner or the legal representative or successor of such employee, in any wise arising out of or incident to the work to be performed under this contract, irrespective of whether such suits are based on the relationship of Master and Servant, third party or otherwise and even though occasioned, brought about, or caused in whole or in party by the negligence of Contractor, its agents, employees, or by the unseaworthiness of vessels or crafts. Owner further agrees to investigate, handle, respond to, provide defense for and defend any such claim, demand or suit at its sole expense and agrees to bear all other costs and expenses related thereto, even if it is groundless, false, or fraudulent; but Owner may make such investigation, negotiation and settlement of any claim, demand, or suit as it deems expedient.

E. Contractor agrees to protect, indemnify, defend and save Company, Owner, and/or Underwriters insuring the Drilling Tender, harmless from and against all claims, demands and causes of action of every kind and character arising in favor of any person or persons, including agents and employees of Contractor, on account of bodily injury, sickness or disease, including death, resulting from the consumption of food and beverages prepared by Contractor and partaken of on the Drilling Tender.

F. Each party shall notify the employer immediately of any claim, demand, or suit that may be presented to it

by an employee of such party, affording such other party full opportunity to assume the defense of such claim, demand, or suit and to protect itself under the obligation of this article.

G. Subject to the right of Company to cancel this agreement upon seven (7) days' notice, this contract shall be for a primary term of one (1) year. Unless previously cancelled, it shall be automatically renewed for successive periods of one (1) year, cancellable as above provided.

II

Contractor shall procure and maintain, at his expense, policies of insurance as set out in Exhibit "A" attached to and forming a part of this agreement. Policies shall be written by insurance companies and on policy forms approved by the Company and Contractor shall furnish to Company prior to commencement of operations certificates of insurance on Company forms listing all policies required under the agreement.

III

Owner shall name Contractor and Company as additional assured on Protection and Indemnity Insurance carried by Owner on the Drilling Tender. Owner hereby assumes all risks covered by an American Institute Time Hull Form and Owner has the option of either insuring or self-insuring such risks.

IV

Neither party shall have any liability to the other with respect to any damage proximately caused by any labor strike dispute or stoppage to work, lockout, shortage of materials, any Act of God, peril of the sea or any other cause beyond the control of such party.

IN TESTIMONY WHEREOF, this contract has been executed this 27th day of August, 1964.

WITNESSES:

/s/ PATRICIA L. CROWLEY

/s/ JACKIE MIGLIORE
P.L.E.
R.N.

RATIFIED AND APPROVED:

BOATEL, INCORPORATED

/s/ By: JOHN P. KUCHTA
John P. Kuchta, President

/s/ By: M.S.R.

/s/ By: ILLEGIBLE

Exhibit "A"

A. Workmen's Compensation, Employer's Liability and Occupational Disease insurance covering all employees engaged in work to be performed under this agreement, including:

1. Coverage to comply with the workmen's compensation and occupational disease laws of the State of Louisiana and other states as required.
2. Coverage under the United States Longshoremen's and Harbor Worker's Compensation Act and the Outer Continental Shelf Lands Act.
3. Additional medical coverage of $10,000.00.
4. An employer's liability limit of not less than $500,000.00 any one person.
5. Coverage for claims under the Jones Act, or any other Maritime Law, with limits of not less than $100,000 for one employee and $300,000 for one accident.
6. That a claim "In Rem" shall be treated as a claim against the employer.

B. Comprehensive General Liability Insurance, including:

1. Bodily Injury:
   $100,000 each person
   $500,000 each accident
2. Property Damage:
   $100,000 each accident
3. Coverage for liability resulting from the consumption of food prepared or served by Contractor.
4. Coverage for all contractual liability assumed by Contractor under the terms of this agreement.
5. Coverage in the Gulf of Mexico beyond the territorial limits of the United States.
6. A provision that a claim "In Rem" shall be treated as a claim "In Personam".

C. Automobile Liability Insurance to cover all automobiles or trucks used in operations under this Agreement, including:

1. Bodily Injury:
   $100,000 each person
   $500,000 each accident.

2. Property Damage:
   $50,000 each accident.

Offshore Operating and Catering Service Agreement

DRILLING TENDER JACK CLEVERLEY—AMENDMENT NO. 1 CONTRACT BETWEEN ROWAN DRILLING CO., INC. AND BOATEL, INC DATED .....

Under Section B, III, insert the following paragraph D.

D. Contractor is hereby authorized to charge Company for overtime hours worked for Company by Contractor's Chief Engineer, other than during normally scheduled work hours. Such work must be performed at the express request of Company's Foreman at the well site. The rate per hour for such overtime work shall be $4.22. Payments made for any such overtime charges shall be in addition to the compensation set out in this Agreement.

WITNESS:

/s/ PATRICIA L. CROWLEY

/s/ JACKIE MIGLIORE

RATIFIED AND APPROVED:

ROWAN DRILLING COMPANY, INC.

/s/ By:

President

BOATEL, INCORPORATED

/s/ By: JOHN P. KUCHTA
John P. Kuchta, President

BOATEL
INCORPORATED
OIL FIELD CONTRACTORS
January 12, 1965

FOrest 6-1585
Belle Chasse Highway
Belle Chasse, Louisiana

Mailing Address
Post Office Box 37
Gretna, Louisiana

Rowan Drilling Company, Inc.
600 Saratoga Building
New Orleans, Louisiana 70112

Attention: Mr. Cliff W. Yancey, Vice President

RE: OFF-SHORE OPERATING AND CATERING SERVICE AGREEMENT DATED OCTOBER 5, 1964

Gentlemen:

It is agreed that subject contract will be revised to read as follows:

> Page 4, Paragraph VII, Item A—$224.00 minimum per 24 hour day for a maximum of 33 lodgings and 99 meals aboard the Drilling Tender for company and contractor personnel.

If you are in accord with this amendment, please execute one copy and return to the undersigned for our files.

Respectfully,

BOATEL, INCORPORATED
/s/ JOHN P. KUCHTA
John P. Kuchta
President

JPK/jte

AGREED TO: ROWAN DRILLING COMPANY, INC.

/s/ By CLIFF W. YANCEY
Cliff W. Yancey, Vice President

DATE:

This amendment will be effective as of January 1, 1965.

June 23, 1966

Rowan Drilling Company, Inc.
600 Saratoga Building
New Orleans, Louisiana

Attention: Mr. C. W. Yancey
Vice President

RE: D/T JACK CLEVERLEY
OFFSHORE OPERATING & CATERING AGREEMENT
Dated October 5, 1964

Gentlement:

It is agreed that the catering portion of subject contract which is Items A, B and C of Page 4 be modified to read as follows and also nullify the verbal agreement relative to the $259.00 day rate:

A. $245.00 minimum per 24 hour day for a maximum of 33 lodgings and 99 meals aboard the drilling tender for Company and Contractor's personnel.

B. The sum of $1.50 per each meal and/or lodging over and above the amount indicated in "A" above.

C. Contractor reserves the right to invoice all third parties at $2.00 per meal and $1.50 per lodging.

This action will be effective July 1, 1966.

If you are in accord with the above, please execute one (1) copy and return to this office for our files.

Respectfully,

BOATEL, INCORPORATED

/s/ JOHN P. KUCHTA
John P. Kuchta, President

AGREED TO:

ROWAN DRILLING COMPANY, INC.
By: C. W. YANCEY

January 23, 1967

Rowan Drilling Company, Inc.
600 Saratoga Building
New Orleans, Louisiana 70112

RE: D/T JACK CLEVERLEY
CATERING AGREEMENT DATED OCTOBER 5, 1964
AMENDMENT LETTER DATED JUNE 23, 1966
AMENDMENT No. 2

Attention: Mr. C. W. Yancey
Vice President

Dear Sir:

Based on my letter of January 18, 1967 and discussions thereafter, it is agreed that Page 4, Paragraph A of subject Contract to be amended to read as follows:

AMENDMENT No. 2—EFFECTIVE FEBRUARY 1, 1967
Page 4, Paragraph A

A. $254.00 minimum per 24 hours for a maximum of 30 lodgings and 90 meals aboard the Drilling Tender for Company and Contractor's personnel.

If you are in accord with the above, please execute one copy and return to this office for our files.

Respectfully,

BOATEL, INCORPORATED

/s/ JOHN P. KUCHTA
John P. Kuchta
President

ACCEPTED BY:

ROWAN DRILLING COMPANY, INC.

By /s/ C. W. YANCEY
C. W. Yancey
Vice President
DATE: 1-27-67

JPK/jl

April 14, 1967

Rowan Drilling Company, Inc.
600 Saratoga Building
New Orleans, Louisiana 70112

Attention: Mr. C. W. Yancey
Vice President

RE: D/T JACK CLEVERLY
CATERING AGREEMENT DATED OCTOBER 5, 1964
AMENDMENT LETTERS DATED JUNE 23, 1966
AND JANUARY 23, 1967

Dear Sir:

Based on our discussion of this date it is agreed that the following considerations and/or amendments will be a part of subject contract:

In consideration of raising the minimum wage to $1.75 per hour, Boatel, Inc. will reduce the existing crew based on 5-5-4 to 4-4-4. Wages for Boatel crew are as follows:

Title	Rate Per Hour
Steward	$2.15
Relief Steward	2.05
Night Cook & Baker	1.95
Utility Man	1.75

It is understood that the on board galley complement of 4-4-4 would apply when feeling in the vicinitcy of thirty (*30*) people. When feeding operations increase to forty-five (*45*) people on board, it is understood Boatel, Inc., will increase their crew to a 5-5-5. Expense of this increase would be derived from the third party billing.

AMENDMENT No 3—EFFECTIVE APRIL 16, 1967

Page 4, Paragraph A to remain the same but re-typed for conformity.

A. *$254.00* minimum per 24 hours for a maximum of *30* lodgings and *90* meals aboard the Drilling Tender for Company and Contractor's personnel.

Page 4, Paragraph A-1 to be inserted as follows:

A-1. When feeding complement exceeds *45* lodgings and *135* meals per calendar day, the day rate indicated in Paragraph A would be reduced to *$244.00*.

Page 4, Paragraph B to remain the same but re-typed for conformity.

B. The sum of *$1.50* per each meal and/or lodging over and above the amount indicated in "A" above.

Page 4, Paragraph C to be amended as follows:

C. Contractor reserves the right to invoice all third parties at *$2.00* per meal and *$2.00* per lodging.

If you are in accord, please execute one copy and return to this office for our files.

Respectfully,

BOATEL, INCORPORATED

/s/ JOHN P. KUCHTA
John P. Kuchta
President

ACCEPTED BY:

ROWAN DRILLING COMPANY, INC.

C. W. Yancey
Vice President

BOATEL
OIL FIELD CONTRACTORS

Phone: 366-1585
Belle Chasse Highway
Belle Chasse, Louisiana

September 3, 1968
Received September 4, 1968
New Orleans

Rowan Drilling Company
600 Saratoga Building
New Orleans, Louisiana 70112

Attention: Mr. C. W. Yancey,
Vice President

REFERENCE: D/T JACK CLEVERLY—
CATERING AGREEMENT DATED OCTOBER 5, 1964—
AMENDMENT NUMBER 4

Gentlemen:

Relative to subject contract, it is agreed the following will be amended effective September 1, 1968.

Page 4, Paragraph "A" to read:

A. $233.00 minimum per 24 hours for a maximum of *30* lodgings and *90* meals aboard the Drilling Tender for Company and Contractor's personnel.

Page 4, Paragraph "A-1" to read:

A-1. Deleted.

Page 4, Paragraph "B" to remain the same but re-type for conformity.

B. The sum of $1.50 per each meal and/or lodging over and above the amount indicated in "A" above.

Page 4, Paragraph "C" to read:

C. Contractor reserves the right to invoice all Third Parties at a minimum of $2.00 per meal and $2.00 per lodging.

If you are in accord, please execute one (1) copy and return to this office for our files.

ACCEPTED BY:

ROWAN DRILLING COMPANY, INC.

/s/ C. W. YANCEY
C. W. Yancey
Vice President

Respectfully,

BOATEL, INCORPORATED

/s/ J. P. KUCHTA

/s/ J. P. KUCHTA
President

CATERING AGREEMENT DATED OCTOBER 5, 1964,
BETWEEN BOATEL, INCORPORATED, AND
ROWAN DRILLING COMPANY, INCORPORATED
AMENDMENT NUMBER 5—D/T JACK CLEVERLY

Effective February 1, 1969, Page 4, Paragraph 7, Items A, B, and C to read as follows:

A. *$233.00* minimum per *24* hour day for a maximum of *30* lodgings and *90* meals aboard the drilling tender for Company and Contractor's personnel.

B. *$1.50* per meal and *$1.50* per lodging over and above the amount indicated in "A" above.

C. Contractor reserves the right to invoice all Third Parties at *$2.50* per unit.

All other basic stipulations of the contract to remain the same.

If you are in accord, please execute one copy and return to this office for our files.

ACCEPTED BY:

ROWAN DRILLING COMPANY, INCORPORATED

/s/ C. W. YANCEY
C. W. Yancey, Vice President—
Division Superintendent

BOATEL, INCORPORATED

/s/ JOHN P. KUCHTA
John P. Kuchta, President

[1] IN THE
DISTRICT COURT OF THE UNITED STATES
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil Acton No. 75-H-1818

ROWAN COMPANIES, INC.,

v.

UNITED STATES OF AMERICA

Filed March 24, 1977

ANSWERS AND DEPOSITION OF C. W. YEARGAIN, produced as a witness at the instance of the Defendant, taken in the above-styled and numbered cause on the 14th day of October, A.D., 1976, at 2:00 o'clock p.m., before Wayne Hutson, a Notary Public in and for Harris County, Texas, at the offices of Rowan Companies, Inc., located at 1820 South Post Oak Tower, in the City of Houston, County of Harris, State of Texas, in accordance with the Agreement hereinafter set forth.

[2] APPEARANCES:

For the Plaintiff:
ELMER H. THEIS, Esq.
730 Dresser Tower,
Houston, Texas 77002

For the Defendant:
JOE W. BURKETT, Esq.
Attorney, Tax Division,
Department of Justice,
Room 8B37,
1100 Commerce Street,
Dallas, Texas 75242

[3]

AGREEMENT

It is hereby agreed, by and between the parties hereto, through their attorneys appearing herein, that any and all objections to any question or answer herein, either as to form or substance, may be made upon the offering of this deposition in evidence upon the trial of this cause with the same force and effect as though the witness were present in person and testifying from the witness stand.

It is further agreed by and between the parties hereto, through their attorneys appearing herein, that this deposition may be signed before any Notary Public in and for the State of Texas, at any time before or during the trial, and thereafter returned into Court and used on the trial of this cause with the same force and effect as though all requirements of the rules and statutes with reference to signature and return had been fully complied with.

[4]

C. W. Yeargain

the witness hereinbefore named, being first duly cautioned and sworn to testify the truth, the whole truth and nothing but the truth, testified on his oath as follows:

DIRECT EXAMINATION

BY MR. BURKETT:

Q. Would you state your full name, please, sir.
A. C. W. Yeargain.

Q. Where do you reside?
A. In Houston.

Q. What is your age?
A. Fifty.

Q. Are you familiar with Rowan Companies, Inc.?
A. Yeah.

Q. Are you currently associated with Rowan Companies?

A. Yes.

Q. In what capacity?

A. Vice President.

Q. Were you associated with Rowan Companies during the period 1967 through 1969?

A. Yeah, sure was.

Q. In what capacity?

A. Oh, I don't know. I guess I was tool pusher at that time.

Q. What would that position involve?

[5] A. Looking after drilling rigs.

Q. What area were you—Were you in the Gulf operations?

A. I was on the Gulf Coast at that time, yes.

Q. In your work with Rowan during the period '67 through '69, were you performing services on offshore drilling rigs?

A. Some. Primarily I was on swamp barges. Some, yes.

Q. When did you first become associated with Rowan?

A. 1947.

Q. In what capacity were you asscociated with them?

A. Roughneck.

Q. Were you operating out of Houston during the years '67 through '69?

A. Not as far as I was concerned, no.

Q. New Orleans?

A. Yes.

Q. Were you in charge of drilling crews during that period?

A. Yes, as a tool pusher, I was in charge of crews on a specific rig.

Q. How many tool pushers would be on a rig?
A. One at a time, then.

Q. If someone wanted to begin work with Rowan as a [6] member of a drilling crew, how would they go about it?
A. You mean then or now?

Q. Then.
A. Well, we'd have to have a need for somebody before we needed it, and then either the driller or toolpusher would interview the people.

Q. Unless I specify otherwise, the period I'm talking about is the beginning of 1967 through the end of 1969.

During that period, you've mentioned that you, on occasion, would be toolpusher on offshore rigs in the Gulf?
A. Oh, I never did push on an offshore rig in the Gulf.

Q. Did you work on an offshore rig?
A. Yes.

Q. In what capacity?
A. Helping rig up.

Q. What do you mean by that?
A. Well, a new rig we'd send out on a platform, things like that.

Q. Setting up the rig?
A. As a new unit. I did a lot of work rigging up new units on land.

Q. Would you have been working with that rig after [7] it was set up?
A. A short while.

Q. How many people would be involved in rigging it up?
A. It would vary, depending on the stage, anywhere from six to maybe fifteen, twenty.

Q. What would be the hours you would work when you were there?

A. Me or the crew?

Q. Both.

A. Well, of course, I worked whatever needed to be done.

The crews' hours were twelve hours on and twelve off.

Q. Would that begin, usually, at midnight or would it begin at 6:00?

A. It depended on what rig. Sometimes it was 6:00 and 6:00, and sometimes it was 12:00 and 12:00.

Q. How many days would you be offshore during——

A. Personally, or the crew?

Q. Both.

A. Well, there's a lot of difference.

I have spent as many as ninety days offshore. The crews—At that time, I believe their time was 10 and 5, 10 out and 5 in.

[8] Q. You were not involved in tool pushing on the offshore rigs?

A. Not as such, no.

Q. What would the crew do? What would its duties involve in a normal work day after the rig had been set up?

A. Operate the rig to drill a hole in the ground.

Q. And what type activities does that involve?

A. Well, are you speaking of a Tender or platform or what?

Q. I'm not really sure.

A. Well, primarily, the drilling crews have to do with running the drilling rig, to drill the hole in the ground,

making the pipe go in the hole and come out of the hole, looking after the equipment, things like that.

Q. What type of activities, though, on a daily matter would be involved in undertaking that drilling?

A. Well, manual labor, primarily.

Q. But I mean were there particular type of functions that were involved? I mean would somebody have one particular type of duty?

A. Well, the driller primarily ran the drilling rig. The engine man looked after the engines.

Q. Were meals served regularly, by that, at specified hours, times?

[9] A. Normally, yes.

Q. As a general matter, what time would those meals be served?

A. 12:00, 12:00; 6:00 and 6:00.

MR. MAGNER: Can I speak?

MR. BURKETT: Yes.

MR. MAGNER: Are meals served—You're referring to an offshore operation?

MR. BURKETT: Yes, sir.

MR. MAGNER: Of the type that Mr. Yeargain would regard as one in which meals are served, you have not defined with him the question——

MR. BURKETT: Well, I think he and I, if I'm understanding him correctly, and he's understanding me correctly—we're talking about the offshore-type operation during the years '67 through '69.

THE WITNESS: Our offshore operation?

MR. BURKETT: Correct.

By Mr. Burkett:

Q. And that would involve a drilling platform and an L.S.T. and the Tender as a general matter—Well, excuse me. During the years '67 through '69, the offshore operations with which Rowan was involved would involve some type of platform for drilling and an L.S.T. Tender; is that correct?

[10] A. Yes.

It wouldn't have been an L.S.T., but it would have been a Tender, Tender platform arrangement.

Q. What is a Tender?

A. It's a dumb barge.

Q. And when you say dumb barge, could you explain what you mean by that?

A. No propulsion, ship shape with no means of propulsion of its own.

Mr. Magner: I referenced before the L.S.T.-type, so you can understand it.

Mr. Burkett: All right.

By Mr. Burkett:

Q. What facilities were there on the dumb barge?

A. What do you mean?

Q. I mean were there rooms?

A. Yes.

Q. Could you describe what one of the rooms might be like?

A. Well, we had one room that had the pumping equipment in it. We had rooms that had generators in them, rooms for storage of equipment and this type thing.

Q. Could you describe—Were there rooms on the dumb barges for persons to sleep?

A. Such as living quarters?

[11] Q. Yes, sir.
A. Yes. Uh-huh.

Q. Could you describe what those were like?
A. Well, they were just rooms with beds in them for—air conditioned, double bunks in some.

Well, I guess double bunks in all of them.

Q. Would that generally allow for one crew member to be using the room while his roommate was working and vice versa?
A. Yes.

Q. So that alternating shifts would be using one set of quarters?
A. Yes.

They didn't sleep in the same bed, now.

Q. No. I mean but they wouldn't—Even though they were not sleeping in the same bed, they wouldn't be in the room at the same time, generally? Would that be correct?
A. Well, depending on how many people—Normally, that's normally the general practice we tried to follow, yes.

Q. What other type furniture would be in one of these rooms?
A. Desk, chair, closet.

Q. What recreational facilities were available?
[12] A. Well, let's see, in 1967, they had a music room for guitar, radio, and I'm not too sure whether we had television on it then or not. That's been a long time ago.

They had books to read, trade magazines, whatever.

Q. What different type of trade publications would there be?
A. Primarily those associated with our industry.

Q. I mean what different associations would be involved?

A. I don't know what you mean.

Q. Well, who would put out the trade magazines?

A. Well, Gulf Publishing Company primarily published most of the trade magazines, I suppose.

Q. Would one of these, for example, be the I.A.D.C. publication or A.D.C. at that time?

A. Well, I suppose we might have had some of those out there.

Q. Who else would be the publishers?

A. Well, primarily like the Oil & Gas Journal and things like this.

Q. Were—To your knowledge, were any of the people involved in drilling during the years '67 through '69, drilling crew members? Were there unions along the Gulf Coast?

[13] A. Sure there were unions along the Gulf Coast at that time, but I don't remember of any organized drilling contractors.

Q. Were there any members of drilling crews who—Well, what I'm trying to find out, were there any unions to which members of drilling crews would belong along the Gulf Coast during the years '67 through '69, associated with drilling?

A. As far as I know, not associated with drilling. I'm sure some of them belonged to unions of other things.

I was speaking of our company. We were not unionized, and we are still not unionized.

Q. Were any of the drilling contractors?

A. Not any of the offshore contractors that I know of.

Q. Were there any other organizations that drilling crew members would be members of?

A. Such as?

Q. I don't know.

A. They could be members of all sorts of organizations.

Q. Well, associated with their activities as drilling crews.

A. No, not that I know of.

Q. Did members of drilling crews continue to work with one company at that time, or did they go from one [14] company—one contractor to another?

A. Well, as a rule, drilling crews sort of migrate, one to the other. Some companies keep them longer than others, but I guess as a rule, they sort of drift around, depending on the level of employment.

Q. When a man signs up or—How does a man become a member of a drilling crew? Does he sign up something or does he just do it by word of mouth or——

A. Well, first of all, you've got to need somebody, and then people who are looking for jobs, you talk to them and single out the ones that you think would best fit your need, bring him in and talk to him some more and give him a physical and send him to work, provided he passes the physical.

Q. When you talk to someone—Assuming he could pass the physical, when you talk to him, what would he be told with respect to the drilling activities?

A. Well, most people you talk to know what the Hell they're going to do. They just want to know if you need a roughneck.

Q. How would he know what he was going to get paid?

A. Well, he might not. He'd ask you.

Q. And would he ask you, for example, if you were there?

A. If I were talking to him at that time he would, [15] yes.

Q. And how would you know what he was going to be paid?

A. Well, we publish our pay scale within the Company, what people make.

Q. Was it pretty competitive within the industry?

A. Yes.

Q. During the time that we're talking about, would the pay be pretty much the same from one company to the next?

A. Fairly close. It wouldn't vary too much from company to company. Couldn't vary very much; one company would have all the hands.

Q. How was food supplied to the drilling rig while you were out there? Was it flown in? Did a boat bring it?

A. It varied. Normally it would be sent in on a boat.

Q. About how often would that be?

A. Depending on what kind of foodstuffs you're talking about and how far out the drilling rig was, once a week.

Q. What type foodstuffs would the boat bring?

A. Whatever you'd eat. Everything had to be brought out.

Q. Could you tell me some examples of what you're [16] talking about?

A. Well, like steak, milk, bread, stuff to make pastries with, eggs, bacon.

Q. How many cooks were on a Tender?

A. Well, you mean actual cooks?

Q. Or cooks and cooks' assistants.

A. Well, I believe most of the time you would find two cooks and a baker.

Q. If a cook wasn't very capable, would he stay on a Tender very long?

A. Well, he wouldn't stay on one of ours very long.

Q. Did the drilling crew have some say if a cook wasn't performing his functions as well as they might like?

A. Well, of course, they had some say, but the drilling crews didn't hire the cook, but our concern was to be sure that the crews were well fed and nourishingly fed so they would be able to do a lot of hard, manual labor.

Q. If you're out there with a crew for ten days, at any time is it fairly significant or important to have someone who's capable to do those functions, the cooks' functions, to have somebody who can do that pretty well? Is that important to the morale of the people?

A. You're God damned right.

Q. Is is fair, then, to say that the people out [17] there eat pretty well?

A. Well, they can. They don't have to.

Q. But I mean the food is pretty good out there?

A. The food that is offered to them is damned good. They don't have to eat it if they don't want to.

Q. Is there any place else to eat?

A. You can go to the bank, if you can find a ride.

Q. Are rides available?

A. Not for every meal, but there are rides available.

Q. It's pretty infrequently?

A. Depends on where it's located.

Q. Say you've got a rig thirty miles offshore.

A. Well, thirty miles offshore—How far from the landing, that's the thing. If it's thirty miles from the landing, transportation is readily available.

Q. Rarely?

A. Readily, normally.

Q. For going to get meals?

A. Nobody goes and gets meals. Why go get a meal; they eat out there.

But I guess if someone wanted to go get it he could get after it.

Q. How long would it take to get back to that landing?
[18] A. Thirty miles would probably take two hours to go in.

Q. And two hours to get back?
A. And two hours to get back.

Q. If he was on a crew that started at twelve midnight and got off at twelve noon, would it be unlikely that he would take a boat to get that meal?
A. Well, I don't know of anybody that did, but the possibility exists, if he didn't like what we fed him.

Q. How far would it be from the landing to someplace where he might get a meal?
A. It might be a quarter of a mile, or it might be fifty miles.

Q. Were persons available to keep the quarters clean?
A. Yes.

Q. The actual activity involved in drilling, the manual labor, could you describe what it involved in that?
A. Well, what do you mean?

Q. What does a member of the drilling crew do out there during his shift?
A. Well, a lot depends on which member you're talking about. The driller runs the show, runs the draw works.

[19] What's the draw works?
A. The thing that pulls the piping in and out of the hole.

Q. Yes, sir.
A. And the floormen make up primarily the drill string as they go in and go out of the hole.

Q. Drill string, is that—What do you mean by drill string?
A. The thing that turns the bit. The bit is fastened to the end of it.

Q. What other persons would there be?

A. Well, the derrickman that works up in the derrick when they're making a trip to stack all that stuff back in the derrick; the engine man to look after the engine; crane operator, where there was a crane, to run the crane; a pumpman to look after the pumps; and a mud man to look after the mud.

Q. How often would bits have to be changed?

A. Well, it varied. It might run two hours; it might run two days.

Q. Were these platforms fixed, immobile, where they couldn't move?

A. Well, it depends on what you call moving. Now, they were—The Tender platforms were affixed to the bottom by piling. But, you know, there's a little motion.

[20] Did they ever break their moorings?

A. The platforms were not moved, so they didn't break their moorings.

Q. Was it possible to—What was the terminology you used for the line that has the bit on the end of it?

A. Drill string.

Q. Drill string.

Did they ever break?

A. Oh, once in a while.

Q. What would be the circumstances where that might happen?

A. Well, you might be drilling and just have a fatigue break.

Q. What would you do?

A. Fish it out.

Q. Was the drilling continuous except for, say, change in bits?

A. Well, the drilling operation, as such, yes.

Q. How many people does it take to operate a drill string, to keep it going up and down or rotating or whatever?

A. Well, just rotating it, the driller could control that, as long as he's got power.

Q. Would that continue around the clock?

A. The drilling operations, yes, as such, that's [21] either drilling or making a trip or fishing.

Q. Did they shut down at any regular times?

A. No.

Q. The driller could see that the bit, itself, was rotating? I mean is that one individual that could do that?

A. I mean he could tell if the drill string was rotating, yes.

Q. That's a mechanical function that he could oversee?

A. He could look at it.

Q. How many drillers in a crew?

A. One with that title.

Q. As an average matter, how many members would there be to a crew?

A. On the platform, five to six.

Q. That would be the toolpusher, the driller?

A. On the platform, it would be the driller, engineman, derrick man, two floormen, maybe three.

Q. When a meal was served, did people on the platform stagger when they would eat?

A. Normally, yes.

Q. Then everybody——

A. Now, that's just one meal, now, the meal in the middle of their shift. The other two meals they were off.

[22] And the meal in the middle of their shift, part of the people would be eating and part of the people would be working?

A. Uh-huh.

Q. And then they would change around, and the other persons would eat and the one who had already eaten would continue working?

A. That's right.

Q. How many people are involved in changing a bit?

A. Five to six.

Q. Can one or two people change a bit?

A. Yes, but it would take a Hell of a long time.

Q. What would happen if the—What would happen if a—Was it the string line? Was that the term?

A. Drill string.

Q. If a drill string broke, how many people would be involved in fixing that?

A. The same amount.

Q. It would pretty much take the whole crew?

A. Five or six.

Q. And that would be a whole crew?

A. On a platform.

Q. Yes, sir.

What would determine when a drill bit needed to be changed?

[23] A. Well, a lot of things; one thing if it was worn out. And that's more or less a judgment call.

Q. Who would make that judgment?

A. It might be the driller, toolpusher, company man, directional driller. It all depends.

Q. How would he let the other persons know that it had to be changed?

A. Well, depends on who it was. If it was the company man, he'd tell the driller to pull the bit. The driller would tell all them others "Gather around. Let's go."

Q. Would that take priority over any other activities?

A. Such as?

Q. Anything else. If the bit needed to be changed, is that what got done first?

A. Well, normally, yes. Other things can go on while that's being done, but that's the purpose of the rig is to drill a hole in the ground.

Q. What kind of things would keep the drill bit from being changed once it needed to be changed? Say the driller decided it needed to be changed, would somebody just say, "Hold it"?

A. No.

If he had power and everything was running, "Well, here we go."

[24] Q. It would get changed right then?

A. Start on it.

Q. And would the activity continue until the drill bit got changed?

A. Yes.

Q. Until the—I keep losing the terminology, the drill——

A. Drill string.

Q. Drill string.

Until that was back at work again?

A. Yes.

Q. And would that pretty much be the case any time?

A. Yes.

Q. Who was in charge of the drilling crew?

A. Of a drilling crew?

On the platform, it would be the driller.

Q. If a driller told someone to help change the bit, were they pretty much going to have to help change the bit?

A. If they want to work.

Q. In other words, they weren't going to be there very much—very long if they——

A. Well, unless there's something physically wrong with them or something like that or he had to go eat or something like that.

[25] Q. If he wanted to go eat, he could say, "Hold the phone. We're not going to change the drill bit"?

A. That's not necessary. He can go eat, and somebody with the Tender could go up and take his place.

Q. All right, sir.

During the time that somebody was on their twelve hours off, though, they didn't come up to do that, did they?

A. Not a member of the drilling crew, under normal circumstances, no.

Q. So the drilling crew would go ahead with the activity on deck that the driller directed they do; isn't that correct?

Was he pretty much in charge of the crew?

A. Yes.

Q. And the crew, while it was on its twelve hours off pretty much had that time to itself and wouldn't be on deck doing drilling activiites; is that correct?

A. The crew that was off was off, yes. That's right.

Q. And it took five or six people to change a drill bit; is that correct?

A. Well, that's normally what we use, yes.

Q. And to drill—If the driller told all five or six of them to be there to help change the drill bit [26] is that pretty much what they would do?

A. Yes, sure would.

Q. And a drill bit might need to be changed at any time; isn't that correct?

A. It's possible.

Q. Was the gentleman—Who was in charge of the New Orleans office that you mentioned?

A. I guess that was Yancey.

Q. C. W. Yancey?

A. C. W. Yancey.

Q. Is he still with Rowan?

A. No. He retired several years ago.

Q. Do you know where he resides?

A. Well, depends on what time of the year. He travels a bit.

His home is here in Houston.

Q. Do you remember what a member of a drilling crew was making back in '67, '68 and '69?

A. I have no idea.

Q. Do you remember if it would have been by the hour?

A. Well——

Q. Just roughly. I'm just talking about in general.

A. The drilling crews were normally paid by the hour.

Q. Do you remember any "ball park" figures for what that would have been, if you remember? If you don't, that's all right.

A. I don't remember.

MR. BURKETT: I've got no further questions.

MR. THEIS: Oh, I had a few, but I think I can hold those off until we go to trial and ask them then and save time now.

/s/ C. W. YEARGAIN
Witness

STATE OF TEXAS
COUNTY OF HARRIS

Subscribed and sworn to before me by the said witness, C. W. Yeargain, on this the 21st day of March, A.D., 1976.

/s/ MARY A. CHIASSON
Notary Public in and for
Harris County, Texas

[SEAL] My Commission Expires January 4, 1979.

[28]

CERTIFICATE FOR FEDERAL COURT

STATE OF TEXAS
COUNTY OF HARRIS

I, Wayne Hutson, a Notary Public duly commissioned and qualified in and for the County of Harris, State of Texas, do hereby certify that, pursuant to notice and the agreement hereto annexed, there came before me on the 14th day of October, 1976, at 2:00 o'clock p.m., at the offices of Rowan Companies, Inc., 1820 South Post Oak Tower, Houston, Texas, the following named person, to-wit: C. W. Yeargain, who was by me duly sworn to testify the truth, and nothing but the truth of his knowledge touching and concerning the matters in controversy in this cause; and that he was thereupon carefully examined upon his oath and his examination reduced to writing under my supervision; and the deposition is a true record of the testimony given by the witness, same to be sworn to and subscribed by said witness before any Notary Public in and for the State of Texas, pursuant to the agreement of the parties.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which this deposition is taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties hereto or [29] financially interested in the action.

In witness whereof, I hereunto set my hand and affixed my notarial seal this 28th day of October, A.D., 1976.

/s/ WAYNE HUTSON
Wayne Hutson, Notary Public in and for Harris County, Texas.

My Commission expires September 25, 1977.

IN THE
UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*,

v.

UNITED STATES OF AMERICA, *Defendant*.

AFFIDAVIT IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

THE STATE OF TEXAS
COUNTY OF HARRIS

Eddie Dyer, being first duly sworn, deposes and says:

I am Eddie Dyer, and have personal knowledge of the facts herein set forth.

This affidavit is submitted in support of Plaintiff, Rowan Companies, Inc., in its Motion For Summary Judgment in the above described lawsuit.

During the calendar years 1967, 1968 and 1969, and prior thereto, I was employed by Muchowich Marine Services, Inc., and its successor, Dearborn Marine Service, Inc., at Freeport, Brazoria County, Texas, in managerial and executive officer capacities. Both corporations were engaged in the business of furnishing transportation services by vessels owned by them to transport supplies and personnel between shore ports and places and offshore drilling rigs and platforms in the Gulf of Mexico. While so employed, my time was mostly devoted to soliciting business from and negotiating vessel transportation contracts with oil companies and offshore oil and gas well drilling contractors operating offshore Texas and Louisiana in the Gulf of Mexico.

The vessel transportation business was highly competitive among the several marine transportation service operators in the Gulf of Mexico and frequently required submitting competitive bids to obtain work for the vessels owned by the two corporations named above. It was very important to my continued successful performance of my duties in the capacities stated above that I remained currently abreast of prices being charged by the several marine transportation service operators in the Gulf of Mexico, and, as a consequence, I can state on the basis of my personal knowledge and experience the prevailing rates being charged by marine transportation industry for the transportation of a ten to fifteen member drilling crew between shore and offshore drilling locations in the Gulf of Mexico during the calendar years 1967, 1968 and 1969.

Based on my personal knowledge and experience outlined above, my testimony is that during the calendar years 1967, 1968 and 1969, the prevailing charges in the marine transportation market for a vessel of sufficient capacity to transport a ten to fifteen member drilling crew in the Gulf of Mexico between shore and offshore drilling rigs and platforms, manned by its normal vessel crew, was from $275.00 to $350.00 per day, plus fuel to be furnished by the party engaging the vessel. The type of vessel then being used was diesel engine powered and consumed fuel at the average rate of 30 gallons per hour with fuel costs averaging about 15 cents (15¢) per gallon. The expected speed of such vessel was between 17 and 20 miles per hour.

/s/ Eddie Dyer
Eddie Dyer

THE STATE OF TEXAS
COUNTY OF HARRIS

Eddie Dyer, having been first duly sworn, says that he has read the foregoing Affidavit In Support of Motion For Summary Judgment in the above entitled and numbered action knows the contents thereof and that the same is true to his own knowledge.

/s/ EDDIE DYER
Eddie Dyer

SUBSCRIBED and SWORN to before me, the undersigned notary public, on this 23rd day of March, 1977.

/s/ JOYCE McCOY
Notary Public in and for
Harris County, Texas

IN THE
UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil No. 75-H-1818

ROWAN COMPANIES, INC., *Plaintiff*

v.

UNITED STATES OF AMERICA, *Defendant*

AFFIDAVIT IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT

STATE OF TEXAS
COUNTY OF HARRIS

C. W. Yeargain, being first duly sworn, deposes and says:

I am C. W. Yeargain, and have personal knowledge of the facts herein set forth.

This affidavit is submitted in support of Plaintiff, Rowan Companies, Inc., in its Motion For Summary Judgment in the above described lawsuit.

I am the same C. W. Yeargain who testified as a witness in this lawsuit by deposition taken by Mr. Joe W. Burkett on October 14, 1976, in the office of Rowan Companies, Inc.

As I said in the deposition, I was a toolpusher in the Company's Gulf Coast Division in 1967, 1968 and 1969, which included the duty of hiring drilling crew members for offshore drilling rigs.

In the process of interviewing and hiring drilling crew members for the offshore drilling rigs, the discussion with applicants amounted to the type of work he was being hired for, how many days on the rig and how many days

off duty and, if the applicant did not already know, what his hourly wage rate would be.

The Company hired the caterers and was the only one who could fire them or make them replace one of their people or discontinue catering of food service completely; the drilling crew had no right to participate in the decision of hiring and firing caterers and whether the food and lodging would continue. The caterers prepared and served all meals and did the housekeeping in the sleeping and living area to the satisfaction of the Company's supervisors on the drilling rig.

Drilling crew members were not required to eat the food or use the lodgings on the drilling rig, and if they missed one or more meals or one or more nights' sleep on the rig, they were not paid any money or given anything else in place of missed meals or lodgings. The food and lodging was the same for all crew members, regardless of pay rate, and if a drilling crew member did not like the food or lodging offered him, he could and would quit and find a rig which suited him better. The Company had a policy of making no agreements or discuss understandings concerning food and lodging on its rig with drilling crew members, because the Company wanted to and did keep complete control over this part of its operation. Both the food and lodging was very good, and I don't know of any drilling crew member leaving one of the Company's drilling rigs because of the food or lodging.

Meals were served on schedules, as I said in my deposition, and a drilling crew member would have time off to eat his meals and would not be required to do anything during that time.

The Company did not change crews on drilling rigs like on land drilling rigs, because Rowan would have had to hire boats by the day for this and it would have been more expensive to haul the crew between the shore and the rig

by boat at the end of each shift than it was to furnish them food and lodging.

In my deposition I testified that the tenders were "dumb barges." A dumb barge is a ship-shaped barge without propulsion power and does not require a crew to move from place to place. A dumb barge is towed from place to place by a tow boat. When it is working as a tender at a production or drilling platform, some members of the drilling crew work on the tender to operate a part of the drilling equipment which is on the tender, such as the engines and generators to provide power to the drilling machinery placed on the platform and the mud pumps and mud system and things like that. The caterer also works on the tender.

/s/ C. W. YEARGAIN
C. W. Yeargain

THE STATE OF TEXAS
COUNTY OF HARRIS

C. W. Yeargain, having been first duly sworn, says that he has read the foregoing Affidavit In Support of Motion For Summary Judgment in the above entitled and numbered action, knows the contents thereof, and that the same is true to his own knowledge.

/s/ C. W. YEARGAIN
C. W. Yeargain

SUBSCRIBED and SWORN to before me, the undersigned notary public, on this 21st day of March, 1977.

/s/ MARY A. CHIASSON
Notary Public in and for
Harris County, Texas

[SEAL] My Commission Expires January 4, 1979.

SUPREME COURT OF THE UNITED STATES

No. 80-780

ROWAN COMPANIES, INC., *Petitioner,*

v.

UNITED STATES

ORDER ALLOWING CERTIORARI

Filed January 19, 1981

The petition herein for a writ of certiorari to the United States Court of Appeals for the Fifth Circuit is granted.